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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन
के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 29th February, 1984:—

BILL NO. 11 OF 1984

A Bill to give effect to the financial proposals of the Central Government for the financial year 1984-85.

Be it enacted by Parliament in the Thirty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance Act, 1984.

Short title
and com-
mencement.

(2) Save as otherwise provided in this Act, sections 2 to 34 and section 54 shall be deemed to have come into force on the 1st day of April, 1984.

CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1984, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased,—

Income-tax.

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge, calculated in each case in the manner provided therein:

Provided that where an assessee, being a company, has made, during the financial year commencing on the 1st day of April, 1983, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 under the Companies Deposits (Surcharge on Income-tax) Scheme, 1983, then, the surcharge on income-tax payable by the company, —

(a) in a case where the amount of the deposit so made is equal to, or exceeds, one-half of the amount of surcharge on income-tax payable by it, shall be reduced by one-half of the amount of surcharge payable by it; and

(b) In a case where the amount of the deposit so made falls short of one-half of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first eight thousand rupees,

of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

Provided that in a case referred to in the said Sub-Paragraph II, for the purpose of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii):

Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

(iv) the amount of income-tax determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

43 of 1961.

(3) In cases to which the provisions of Chapter XII or Chapter XIII A or section 164 or section 164A or section 167A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) Subject to the provisions of sub-section (6), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (5) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

Provided that in cases to which the provisions of Chapter XII or Chapter XIII A or sub-section (1A) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that an assessee, being a company, may, in lieu of payment of the amount of surcharge on income-tax at the rate specified in Paragraph E of Part III of the First Schedule, make a deposit under the scheme framed under sub-section (7) before the last instalment of "advance tax" is due in its case, and where it does so, the surcharge on income-tax payable by the company, —

(i) in a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be nil; and

(ii) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(6) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds, —

(i) in a case to which the said Sub-Paragraph I applies, fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of

section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first eight thousand rupees,

of the total income but without being liable to tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II, as if the net agricultural income as so increased were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii):

Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

(iv) the amount of income-tax or "advance tax" determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

18 of 1964.

(7) Where an assessee, being a company, makes, during the financial year commencing on the 1st day of April, 1984, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 under any such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, then the surcharge on income-tax payable by the company for the assessment year commencing on the 1st day of April, 1985, —

(i) In a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be *nil*; and

(ii) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(8) For the purposes of this section and the First Schedule, —

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1984, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the carriage, by road or inland waterways, of passengers or goods or in the construction of ships or in the execution of projects or in the manufacture or processing of goods or in mining.

Explanation. — For the purposes of this clause, —

(i) a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the carriage, by road or inland waterways, of passengers or goods or in the construction of ships or in the execution of projects or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(ii) "project" means a project for the construction of a building, road, dam, bridge or other structure or assembly or installation of any machinery or plant;

(d) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 10. 3. In section 10 of the Income-tax Act, in clause (30), after the words "tea bushes", the words "or for rejuvenation or consolidation of areas used for cultivation of tea" shall be inserted with effect from the 1st day of April, 1985.

Amendment of section 11. 4. In section 11 of the Income-tax Act, in sub-section (5), after clause (x) and the *Explanation* thereto, the following clause shall be inserted with effect from the 1st day of April, 1985, namely:—

"(xi) deposits with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964;"

18 of 1964.

Amendment of section 33B. 5. In section 33B of the Income-tax Act, before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 1985, namely:—

"Provided that no deduction under this section shall be allowed in relation to the assessment year commencing on the 1st day of April, 1985 or any subsequent assessment year."

Amendment of section 35. 6. In section 35 of the Income-tax Act, —

(a) in sub-section (2), in clause (ia), —

(i) before the *Explanation*, the following proviso shall be inserted, namely:—

"Provided that no deduction shall be admissible under this clause in respect of any expenditure incurred on the acquisition of any land, whether the land is acquired as such or as part of any property, after the 29th day of February, 1984."

(ii) the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

'*Explanation 2.* —For the purposes of this clause, —

(a) "land" includes any interest in land; and

(b) the acquisition of any land shall be deemed to have been made by the assessee on the date on which the instrument of transfer of such land to him has been registered under the Registration Act, 1908, or where he has taken or retained the possession of such land or any part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882, the date on which he has so taken or retained possession of such land or part;"

16 of 1908.

4 of 1882.

(b) in sub-section (2A), for the words "Where the assessee pays any sum" the words, figures and letters "Where, before the 1st day of March, 1984, the assessee pays any sum" shall be substituted;

(c) in sub-section (2B), in clause (a), for the words "Where an assessee has incurred any expenditure", the words, figures and letters "Where, before the 1st day of March, 1984, an assessee has incurred any expenditure" shall be substituted.

Amendment of section 35C. 7. In section 35C of the Income-tax Act, in sub-section (1), in clause (a), after the words, figures and letters "after the 29th day of February, 1968", the words, figures and letters "but before the 1st day of March, 1984" shall be inserted.

Amendment of section 36. 8. In section 36 of the Income-tax Act, in sub-section (1), in clause (iia), after the words "payment of any salary", the words, figures and letters "for any period of employment before the 1st day of March, 1984" shall be inserted.

9. In section 40 of the Income-tax Act, in clause (c), with effect from the 1st day of April, 1985, —

Amendment of section 40.

(a) in sub-clause (A), for the words "seventy-two thousand rupees", the words "one hundred and two thousand rupees" shall be substituted;

(b) in sub-clause (B), for the words "six thousand rupees", the words "eight thousand five hundred rupees" shall be substituted.

10. In section 40A of the Income-tax Act, —

Amendment of section 40A.

(a) in sub-section (5), in clause (c), in sub-clause (i), with effect from the 1st day of April, 1985, —

(i) for the words "five thousand rupees", the words "seven thousand five hundred rupees" shall be substituted;

(ii) for the words "sixty thousand rupees", the words "ninety thousand rupees" shall be substituted;

(iii) after the proviso, the following proviso shall be inserted, namely:—

'Provided further that in relation to any month or part thereof comprised in any such previous year as is relevant to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year, the reference to "five thousand rupees" in the preceding proviso shall be construed as a reference to "seven thousand five hundred rupees".

(b) in sub-section (6), for the words "sixty thousand rupees", the words "ninety thousand rupees" shall be substituted with effect from the 1st day of April, 1985;

(c) after sub-section (8), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1980, namely:—

"(9) No deduction shall be allowed in respect of any sum paid by the assessee as an employer towards the setting up of, or as contribution to, any fund or trust for any purpose, except where such sum is so paid, for the purposes and to the extent provided by or under clause (iv) or clause (v) of sub-section (1) of section 36 or, as required by or under any other law for the time being in force. "

11. After section 44AA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1985, namely:—

Insertion of new section 44AB.

'44AB. Every person, —

Audit of accounts of certain persons carrying on business or profession.

(a) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds twenty lakh rupees in any previous year or years relevant to the assessment year commencing on the 1st day of April, 1985 or any subsequent assessment year; or

(b) carrying on profession shall, if his gross receipts in profession exceed ten lakh rupees in any previous year or years relevant to the assessment year commencing on the 1st day of April, 1985 or any subsequent assessment year,

get his accounts of such previous year or years audited by an accountant before the specified date and obtain before that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed:

Provided that in a case where such person is required by or under any other law to get his accounts audited by an accountant, it shall be sufficient compliance with

the provisions of this section if such person gets the accounts of such business or profession audited under such law before the specified date and obtains before that date the report of the audit as required under such other law and a further report in the form prescribed under this section.

Explanation. — For the purposes of this section, —

(i) "accountant" shall have the same meaning as in the *Explanation* below sub-section (2) of section 288;

(ii) "specified date", in relation to the accounts of the previous year or years relevant to an assessment year, means the date of the expiry of four months from the end of the previous year or, where there is more than one previous year, from the end of the previous year which expired last before the commencement of the assessment year, or the 30th day of June of the assessment year, whichever is later.

Amendment of section 80CC.

12. In section 80CC of the Income-tax Act, in sub-section (3), for clause (c), the following clause shall be substituted, namely, —

"(c) the shares forming part of the issue are offered for subscription to the public and such offer for subscription is made by the company before the 1st day of March, 1984;"

Omission of section 80D.

13. Section 80D of the Income-tax Act shall be omitted with effect from the 1st day of April, 1985.

Amendment of section 80E.

14. In section 80E of the Income-tax Act, in sub-section (1), after the words "he has paid", the words, figures and letters " before the 1st day of March, 1984, " shall be inserted.

Amendment of section 80L.

15. In section 80L of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1985, —

(a) after clause (ii), the following clause shall be inserted, namely:—

"(iia) interest on deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette;"

(b) in clause (iii), for the words "under any scheme", the words "under any other scheme" shall be substituted;

(c) the following proviso shall be inserted at the end, namely:—

"Provided that where the gross total income of the assessee includes any income by way of interest on any deposits referred to in clause (iia) or income in respect of units referred to in clause (vi), there shall be allowed in computing the total income of the assessee a further deduction of an amount equal to so much of such income as has not been allowed by way of deduction under the foregoing provisions of this sub-section; so, however, that the amount of such further deduction shall not exceed three thousand rupees."

Amendment of section 80M.

16. In section 80M of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1985, —

(a) for the words "an amount equal to—", the words "an amount equal to sixty per cent. of such income." shall be substituted;

(b) clauses (a) and (b) shall be omitted.

Amendment of section 80N.

17. In section 80N of the Income-tax Act, for the words "a deduction of the whole of the income", the words "a deduction of an amount equal

to fifty per cent. of the income" shall be substituted with effect from the 1st day of April, 1985.

18. In section 80O of the Income-tax Act, for the words "a deduction of the whole of the income", the words "a deduction of an amount equal to fifty per cent. of the income" shall be substituted with effect from the 1st day of April, 1985.

Amendment of
section 80O.

19. Section 80U of the Income-tax Act shall be numbered as sub-section (1) with effect from the 1st day of April, 1985, and,—

Amendment of
section 80U.

(a) in sub-section (1) as so numbered, in clause (ii), after the words and brackets "a permanent physical disability (other than blindness) ", the words "being a permanent physical disability specified in the rules made in this behalf by the Board, and" shall be inserted with effect from the 1st day of April, 1985;

(b) after sub-section (1) as so numbered, the following sub-section shall be inserted with effect from the 1st day of April, 1985, namely:—

"(2) The Board shall, in making any rules for specifying any disability for the purposes of clause (ii) of sub-section (1), have regard to the nature of such disability and the effect which such disability is likely to have on the capacity of a person subject thereto, or suffering therefrom, to engage in a gainful employment or occupation."

20. In section 161 of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 1985, namely:—

Amendment of
section 161.

'(1A) Notwithstanding anything contained in sub-section (1), where any income in respect of which the person mentioned in clause (iv) of sub-section (1) of section 160 is liable as representative assessee consists of, or includes, profits and gains of business, tax shall be charged on the whole of the income in respect of which such person is so liable at the maximum marginal rate:

Provided that the provisions of this sub-section shall not apply where such profits and gains are receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him.

Explanation.— For the purposes of this sub-section, "maximum marginal rate" shall have the meaning assigned to it in *Explanation 2* below sub-section (3) of section 164.

21. In section 164 of the Income-tax Act, with effect from the 1st day of April, 1985,—

Amendment of
section 164.

(a) in sub-section (1), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that where any income in respect of which the person mentioned in clause (iv) of sub-section (1) of section 160 is liable as representative assessee consists of, or includes, profits and gains of business, the preceding proviso shall apply only if such profits and gains are receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him.";

(b) to sub-section (2), the following proviso shall be added, namely:—

"Provided that in a case where the whole or any part of the relevant income is not exempt under section 11 or section 12 by virtue of the provisions contained in clause (c) or clause (d) of sub-section (1) of section 13, tax shall be charged on the relevant income or part of relevant income at the maximum marginal rate.";

(c) in sub-section (3), after the proviso and before *Explanation 1*, the following provisos shall be inserted, namely:—

"Provided further that where the relevant income consists of, or includes, profits and gains of business, the preceding proviso shall apply only if the income is receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him:

Provided also that in a case where the whole or any part of the relevant income is not exempt under section 11 or section 12 by virtue of the provisions contained in clause (c) or clause (d) of sub-section (1) of section 13, tax shall be charged on the relevant income or part of relevant income at the maximum marginal rate."

Amendment of
section 193.

22. In section 193 of the Income-tax Act, in the proviso, after clause (iv), the following clause shall be inserted with effect from the 1st day of June, 1984, namely:—

"(v) any interest payable to an individual, who is resident in India, on debentures issued by a company in which the public are substantially interested, being debentures listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder, if —

42 of 1956.

(a) the interest is paid by the company by an account payee cheque; and

(b) the amount of such interest or, as the case may be, the aggregate of the amounts of such interest paid or likely to be paid during the financial year by the company to such individual does not exceed one thousand rupees."

Amendment of
section 194.

23. In section 194 of the Income-tax Act, for the first proviso, the following proviso shall be substituted with effect from the 1st day of June, 1984, namely:—

"Provided that no such deduction shall be made in the case of a shareholder, being an individual, who is resident in India, of a company in which the public are substantially interested, if —

(a) the dividend is paid by such company by an account payee cheque; and

(b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder does not exceed one thousand rupees:".

Amendment of
section 252.

24. In section 252 of the Income-tax Act, —

(a) after sub-section (4), the following sub-section shall be inserted, namely:—

"(4A) The Central Government may appoint one of the Vice-Presidents of the Appellate Tribunal to be the Senior Vice-President thereof.";

(b) In sub-section (5), for the words "A Vice-President", the words "The Senior Vice-President or a Vice-President" shall be substituted.

25. In section 269C of the Income-tax Act, in sub-section (1), for the words "twenty-five thousand rupees", the words "fifty thousand rupees" shall be substituted with effect from the 1st day of June, 1984.

Amendment of section 269C.

26. In section 269F of the Income-tax Act, in sub-section (6), in clause (a), for the words "twenty-five thousand rupees", the words "fifty thousand rupees" shall be substituted with effect from the 1st day of June, 1984.

Amendment of section 269F.

27. In section 269P of the Income-tax Act, in sub-section (1), in the proviso, for the words "ten thousand rupees", the words "twenty-five thousand rupees" shall be substituted with effect from the 1st day of June, 1984.

Amendment of section 269P.

28. In Chapter XXB of the Income-tax Act, —

Insertion of new section 269SS.

(a) In the heading, for the words "MODE OF REPAYMENT", the words "MODE OF ACCEPTANCE, PAYMENT OR REPAYMENT" shall be substituted;

(b) before section 269T, the following section shall be inserted, namely:—

'269SS. No person shall, after the 30th day of June, 1984, take or accept from any other person (hereafter in this section referred to as the depositor) any loan or deposit otherwise than by an account payee cheque or account payee bank draft if, —

Mode of taking or accepting certain loans and deposits.

(a) the amount of such loan or deposit or the aggregate amount of such loan and deposit; or

(b) on the date of taking or accepting such loan or deposit, any loan or deposit taken or accepted earlier by such person from the depositor is remaining unpaid (whether repayment has fallen due or not), the amount or the aggregate amount remaining unpaid; or

(c) the amount or the aggregate amount referred to in clause (a) together with the amount or the aggregate amount referred to in clause (b);

is ten thousand rupees or more;

Provided that the provisions of this section shall not apply to any loan or deposit taken or accepted from, or any loan or deposit taken or accepted by, —

(a) Government;

(b) any banking company, post office savings bank or co-operative bank;

(c) any corporation established by a Central, State or Provincial Act;

(d) any Government company as defined in section 617 of the Companies Act, 1956;

(e) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette.

Explanation.— For the purposes of this section, —

(i) "banking company" shall have the meaning assigned to it in clause (a) of the *Explanation* to sub-section (8) of section 40A;

(ii) "co-operative bank" shall have the meaning assigned to it in Part V of the Banking Regulation Act, 1949;

10 of 1949.

(iii) "loan or deposit" means loan or deposit of money. '.

Amendment of
section 269T.

29. In section 269T of the Income-tax Act, in the Explanation, after clause (i), the following clause shall be inserted, namely:—

'(ia) "co-operative bank" shall have the meaning assigned to it in Part V of the Banking Regulation Act, 1949; '.

10 of 1949

Insertion of
new section
271B.

30. In the Income-tax Act, after section 271A, the following section shall be inserted with effect from the 1st day of April, 1985, namely:—

Failure to
get accounts
audited.

"271B. If any person fails, without reasonable cause, to get his accounts audited in respect of any previous year or years relevant to an assessment year or obtain a report of such audit as required under section 44AB, the Income-tax Officer may direct that such person shall pay, by way of penalty, a sum equal to one-half per cent. of the total sales, turnover or gross receipts, as the case may be, in business, or of the gross receipts in profession, in such previous year or years or a sum of one hundred thousand rupees, whichever is less. ".

Insertion of
new section
276DD.

31. In the Income-tax Act, after section 276D, the following section shall be inserted, namely:—

Penalty for
contravention
of section
269SS.

"276DD. If a person, without reasonable cause or excuse, takes or accepts any loan or deposit in contravention of the provisions of section 269SS, he shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine equal to the amount of such loan or deposit. ".

Amendment of
section 281A.

32. In section 281A of the Income-tax Act, —

(a) in sub-section (1), for the portion beginning with the words "the real owner of such property unless,—" and ending with the words "to the Income-tax Officer", the following shall be substituted, namely:—

"the real owner of such property unless notice in the prescribed form and containing the prescribed particulars in respect of the property has been given by the claimant within a period of one year from the date of acquisition of the property to the Commissioner ";

(b) after sub-section (1), the following sub-sections shall be inserted, namely:—

"(1A) Where any such property is acquired by the claimant before the 1st day of March, 1984, the provisions of sub-section (1) shall be deemed to have been fulfilled if notice in the prescribed form and containing the prescribed particulars in respect of the property is given by the claimant, within a period of one year from the said date, to the Commissioner.

(1B) Notwithstanding anything contained in sub-section (1) or sub-section (1A), in relation to any suit relating to any immovable property of a value not exceeding fifty thousand rupees, the provisions of sub-section (1) or, as the case may be, sub-section (1A) shall be deemed to have been fulfilled if, at any time before the suit, notice in the prescribed form and containing the prescribed particulars in respect of the property has been given by the claimant to the Commissioner. ";

(c) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) The Commissioner shall, on an application made in the prescribed manner, by the claimant or any person acting on his behalf or claiming under him, and on payment of the prescribed fees, issue, for the purposes of a suit

referred to in sub-section (1), a certified copy of any notice given by the claimant under sub-section (1) or sub-section (1A) or sub-section (1B), within fourteen days from the date of receipt of the application."

33. In the Ninth Schedule to the Income-tax Act, for the brackets, words, figures and letters "*See* section 32(1)(vi) and section 80M(1)(a)(i)" the brackets, words and figures "*See* section 32(1)(vi)" shall be substituted with effect from the 1st day of April, 1985.

Amendment
Ninth
Schedule.

Wealth-tax

34. In the Wealth-tax Act, 1957, with effect from the 1st day of April, 1985, —

Amendment
Act 27 of

(a) in section 5, —

(i) in sub-section (1), —

(1) in clause (iv), in the proviso, for the words "one hundred thousand rupees", at both the places where they occur, the words "two hundred thousand rupees" shall be substituted;

(2) after clause (xxv), the following clause shall be inserted, namely:—

"(xxvi) any deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette;"

(3) after clause (xxvii), the following clause shall be inserted, namely:—

18 of 1964.

"(xxviii) any deposits with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964;"

(ii) in sub-section (1A), —

(1) for the brackets and figures "(xxvi), (xxvii)", the brackets, figures and letters "(xxvi), (xxvi), (xxvii), (xxviii)" shall be substituted;

(2) for the words "one hundred and sixty-five thousand rupees", at both the places where they occur, the words "two hundred and sixty-five thousand rupees" shall be substituted;

(3) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that where the assets of the assessee include any assets, being units referred to in clause (xxv) or any deposits referred to in clause (xxvi), wealth-tax shall not be payable by the assessee in respect of, and there shall not be included in the net wealth of the assessee, so much of the value of such assets as has not been excluded from the net wealth of the assessee under this sub-section; so, however, that the value of the assets excluded under this proviso shall not exceed thirty-five thousand rupees."

(iii) in sub-section (3), for the brackets and figures "(xxvi), (xxvii)", the brackets, figures and letters "(xxvi), (xxvi), (xxvii), (xxviii)" shall be substituted;

(b) in section 21A, —

(1) for the portion beginning with the brackets, figure and words "(i) any part of such property" and ending with the words "beneficial to the revenue", the following shall be substituted, namely:—

"(i) any part of such property or any income of such trust / whether derived from such property or from voluntary contributions referred to in

sub-clause (iia) of clause (24) of section 2 of the Income-tax Act ⁷ is used or applied, directly or indirectly, for the benefit of any person referred to in sub-section (3) of section 13 of the Income-tax Act, or

(ii) any part of the income of the trust ⁷ whether derived from such property or from voluntary contributions referred to in sub-clause (iia) of clause (24) of section 2 of the Income-tax Act ⁷, being a trust created on or after the 1st day of April, 1962, enures, directly or indirectly, for the benefit of any person referred to in sub-section (3) of section 13 of the said Act, or

(iii) any funds of the trust are invested or deposited, or any shares in a company are held by the trust, in contravention of the provisions of clause (d) of sub-section (1) of section 13 of the Income-tax Act,

wealth-tax shall be leviable upon, and recoverable from, the trustee or manager (by whatever name called) in respect of the property held by him under trust at the maximum marginal rate:"

(2) in the *Explanation* below the second proviso, after clause (a), the following clause shall be inserted, namely:—

'(aa) "maximum marginal rate" means the rate of wealth-tax applicable in relation to the highest slab of wealth in the case of an individual as specified in Part I of Schedule I;'

CHAPTER IV

INDIRECT TAXES

Customs

Amendment of Act 51 of 1975. 35. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Second Schedule.

Auxiliary duties of customs. 36. (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to fifty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

52 of 1962.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1985, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

Amendment of section 28. 37. In section 28 of the Customs Act, in sub-section (1), after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.* — Where the service of the notice is stayed by an order of a Court, the period of such stay shall be excluded in computing the aforesaid period of one year or six months or five years, as the case may be."

38. In section 61 of the Customs Act, to sub-section (2), the following proviso shall be added, namely:—

Amendment of
section 61.

"Provided that the Board may, if it considers it necessary so to do in the public interest, waive, by special order and under circumstances of an exceptional nature to be specified in such order, the whole or part of any interest payable under this sub-section in respect of any warehoused goods."

39. In section 129 of the Customs Act, —

Amendment of
section 129.

(a) for sub-section (2), the following sub-sections shall be substituted, namely:—

"(2) A judicial member shall be a person who has for at least ten years held a judicial office in the territory of India or who has been a member of the Central Legal Service and has held a post in Grade I of that service or any equivalent or higher post for at least three years, or who has been an advocate for at least ten years.

Explanation. — For the purposes of this sub-section, —

(i) in computing the period during which a person has held judicial office in the territory of India, there shall be included any period, after he has held any judicial office, during which the person has been an advocate or has held the office of a member of a tribunal or any post, under the Union or a State, requiring special knowledge of law;

(ii) in computing the period during which a person has been an advocate, there shall be included any period during which the person has held a judicial office or the office of a member of a tribunal or any post, under the Union or a State, requiring special knowledge of law after he became an advocate.

(3A) A technical member shall be a person who has been a member of the Indian Customs and Central Excise Service, Group A, and has held the post of Collector of Customs or Central Excise or any equivalent or higher post for at least three years."

(b) after sub-section (4), the following sub-section shall be inserted, namely:—

"(4A) The Central Government may appoint one of the Vice-Presidents of the Appellate Tribunal to be the Senior Vice-President thereof."

(c) in sub-section (5), for the words "The Vice-President", the words "The Senior Vice-President or a Vice-President" shall be substituted.

40. In section 129A of the Customs Act, —

Amendment of
section 129A.

(a) in sub-section (1) in the proviso, for the words "Provided that", the following shall be substituted, namely:—

"Provided that no appeal shall lie to the Appellate Tribunal and the Appellate Tribunal shall not have jurisdiction to decide any appeal in respect of any order referred to in clause (b) if such order relates to, —

(a) any goods imported as baggage;

(b) any goods loaded in a conveyance for importation into India, but which are not unloaded at their place of destination in India, or so much of the quantity of such goods as has not been unloaded at any such destination if goods unloaded at such destination are short of the quantity required to be unloaded at that destination;

(c) payment of drawback as provided in Chapter X, and the rules made thereunder.

Provided further that¹,

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Every appeal against any order of the nature referred to in the first proviso to sub-section (1), which is pending immediately before the commencement of section 40 of the Finance Act, 1984, before the Appellate Tribunal and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on such commencement to the Central Government and the Central Government shall deal with such appeal or matter under section 129DD as if such appeal or matter were an application or a matter arising out of an application made to it under that section."

amendment of
section 129C.

41. In section 129C of the Customs Act, in sub-section (4), for the words "ten thousand rupees", the words "fifty thousand rupees" shall be substituted.

amendment of
section 129D.

42. In section 129D of the Customs Act, in sub-section (3), for the words "two years", the words "one year" shall be substituted.

insertion of
new section
129DD.

43. After section 129D of the Customs Act, the following section shall be inserted, namely:—

revision by
Central
Government.

'129DD. (1) The Central Government may, on the application of any person aggrieved by any order passed under section 128A, where the order is of the nature referred to in the first proviso to sub-section (1) of section 129A, annul or modify such order.

Explanation. — For the purposes of this sub-section, 'order passed under section 128A' includes an order passed under that section before the commencement of section 40 of the Finance Act, 1984, against which an appeal has not been preferred before such commencement and could have been, if the said section had not come into force, preferred after such commencement, to the Appellate Tribunal.

(2) An application under sub-section (1) shall be made within three months from the date of the communication to the applicant of the order against which the application is being made:

Provided that the Central Government may, if it is satisfied that the applicant was prevented by sufficient cause from presenting the application within the aforesaid period of three months, allow it to be presented within a further period of three months.

(3) An application under sub-section (1) shall be in such form and shall be verified in such manner as may be specified by rules made in this behalf and shall be accompanied by a fee of two hundred rupees.

(4) The Central Government may, of its own motion, annul or modify any order referred to in sub-section (1).

(5) No order enhancing any penalty or fine in lieu of confiscation or confiscating goods of greater value shall be passed under this section,—

(a) in any case in which an order passed under section 128A has enhanced any penalty or fine in lieu of confiscation or has confiscated goods of greater value, and

(b) in any other case, unless the person affected by the proposed order has been given notice to show cause against it within one year from the date of the order sought to be annulled or modified.

(6) Where the Central Government is of opinion that any duty of customs has not been levied or has been short-levied, no order levying or enhancing the duty shall be made under this section unless the person affected by the proposed order is given notice to show cause against it within the time limit specified in section 28.¹

Excise

1 of 1944.

44. In section 2 of the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), in clause (g), after sub-clause (viii), the following sub-clause shall be inserted, namely:—

Amendment of section 2.

"(ix) in relation to artificial or synthetic resins and plastic materials, includes their conversion into moulding powders;"

45. In section 3 of the Central Excises Act, in sub-section (1), in the proviso,—

Amendment of section 3.

(a) for the words "excisable goods which are produced or manufactured in a free trade zone and brought to any other place in India shall be an amount equal to", the following shall be substituted, namely:—

"excisable goods which are produced or manufactured,—

(i) in a free trade zone and brought to any other place in India; or

(ii) by a hundred per cent. export-oriented undertaking and allowed to be sold in India,

shall be an amount equal to";

(b) for *Explanation 2*, the following *Explanation* shall be substituted, namely:—

Explanation 2. — In this proviso, —

(i) "free trade zone" means the Kandla Free Trade Zone and the Santa Cruz Electronics Export Processing Zone and includes any other free trade zone which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(ii) "hundred per cent. export-oriented undertaking" means an undertaking which has been approved as a hundred per cent. export-oriented undertaking by the Board appointed in this behalf by the Central Government in exercise of the powers conferred by section 14 of the Industries (Development and Regulation) Act, 1951, and the rules made under that Act."

45 of 1951.

46. In sub-section (4) of section 4 of the Central Excises Act, in sub-clause (ii) of clause (d), in the *Explanation*, in clause (i), for the words "or reduction of duty of excise on such goods equal to, any duty of excise already paid", the words and figures "or reduction of duty of excise under such Act on such goods equal to, any duty of excise under such Act, or the additional duty under section 3 of the Customs Tariff Act, 1975, already paid" shall be substituted.

Amendment of section 4.

51 of 1975.

47. In section 35B of the Central Excises Act,—

Amendment of section 35B.

(a) in sub-section (1), in the proviso, for the words "Provided that", the following shall be substituted, namely:—

"Provided that no appeal shall lie to the Appellate Tribunal and the Appellate Tribunal shall not have jurisdiction to decide any appeal in respect of any order referred to in clause (b) if such order relates to,—

(a) a case of loss of goods, where the loss occurs in transit from a factory to a warehouse or to another factory, or from one warehouse to another, or during the course of processing of the goods in a warehouse or in storage, whether in a factory or in a warehouse;

(b) a rebate of duty of excise on goods exported to any country or territory outside India or on excisable materials used in the manufacture of goods which are exported to any country or territory outside India;

(c) goods exported outside India (except to Nepal or Bhutan) without payment of duty:

Provided further that";

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Every appeal against any order of the nature referred to in the first proviso to sub-section (1), which is pending immediately before the commencement of section 47 of the Finance Act, 1984, before the Appellate Tribunal and any matter arising out of, or connected with, such appeal and which is so pending shall stand transferred on such commencement to the Central Government, and the Central Government shall deal with such appeal or matter under section 35EE as if such appeal or matter were an application or a matter arising out of an application made to it under that section."

Amendment of section 35D.

48. In section 35D of the Central Excises Act, in sub-section (3), for the words "ten thousand rupees", the words "fifty thousand rupees" shall be substituted.

Amendment of section 35E.

49. In section 35E of the Central Excises Act, in sub-section (3), for the words "two years", the words "one year" shall be substituted.

Insertion of new section 35EE.

50. After section 35E of the Central Excises Act, the following section shall be inserted, namely:—

Revision by Central Government.

35EE. (1) The Central Government may, on the application of any person aggrieved by any order passed under section 35A, where the order is of the nature referred to in the first proviso to sub-section (1) of section 35B, annul or modify such order.

Explanation.— For the purposes of this sub-section, "order passed under section 35A" includes an order passed under that section before the commencement of section 47 of the Finance Act, 1984 against which an appeal has not been preferred before such commencement and could have been, if the said section had not come into force, preferred after such commencement, to the Appellate Tribunal.

(2) An application under sub-section (1) shall be made within three months from the date of the communication to the applicant of the order against which the application is being made:

Provided that the Central Government may, if it is satisfied that the applicant was prevented by sufficient cause from presenting the application within the aforesaid period of three months, allow it to be presented within a further period of three months;

(3) An application under sub-section (1) shall be in such form and shall be verified in such manner as may be specified by rules made in this behalf and shall be accompanied by a fee of two hundred rupees.

(4) The Central Government may, of its own motion, annul or modify any order referred to in sub-section (1).

(5) No order enhancing any penalty or fine in lieu of confiscation or confiscating goods of greater value shall be passed under this section,—

(a) in any case in which an order passed under section 35A has enhanced any penalty or fine in lieu of confiscation or has confiscated goods of greater value, and

(b) in any other case, unless the person affected by the proposed order has been given notice to show cause against it within one year from the date of the order sought to be annulled or modified.

(6) Where the Central Government is of opinion that any duty of excise has not been levied or has been short-levied, no order levying or enhancing the duty shall be made under this section unless the person affected by the proposed order is given notice to show cause against it within the time limit specified in section 11A."

51. The First Schedule to the Central Excises Act, —

Amendment of
First
Schedule.

(a) shall be amended in the manner specified in the Third Schedule; and

(b) shall, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, be also amended in the manner specified in the Fourth Schedule.

52. (1) In the case of goods chargeable with a duty of excise under the Central Excises Act, as amended from time to time, read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to, any duty of excise under the said Act, or the additional duty under section 3 of the Customs Tariff Act, already paid on the raw material or component parts used in the production or manufacture of such goods), there shall be levied and collected a special duty of excise equal to ten per cent. of the amount so chargeable on such goods.

Special duties
of excise.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1985, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the special duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

53. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule.

Amendment of
Act 58 of 1957

CHAPTER V

MISCELLANEOUS

54. In the Unit Trust of India Act, 1963, in sub-section (1) of section 32, with effect from the 1st day of April, 1985, —

Amendment of
Act 52 of 1963

(a) clause (b) and clause (ba) shall be omitted;

(b) in *Explanation 1*, —

(i) in clause (a), for the words, brackets and letters "clauses (aa) and (b)", the word, brackets and letters "clause (aa)" shall be substituted;

(ii) in clause (b), for the words, brackets and letters "clauses (ba) and (bb)", the word, brackets and letters "clause (bb)" shall be substituted.

55. In the Gold (Control) Act, 1968, —

Amendment of
Act 45 of 1968

(a) in sub-section (2) of section 81B, for the words "ten thousand rupees", the words "fifty thousand rupees" shall be substituted;

(b) in sub-section (3) of section 82, for the words "two years", the words "one year" shall be substituted.

*Declaration under the Provisional
Collection of Taxes Act, 1931.*

It is hereby declared that it is expedient in the public interest that the provisions of clauses 35, 36, 44 and 46, sub-clause (a) of clause 51 (except Part I of the Third Schedule) and clauses 52 and 53 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX AND SURCHARGE ON INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies, —

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	Nil;
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 1,250 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 2,750 plus 35 per cent. of the amount by which the total income exceeds Rs. 25,000;
(5) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,500 plus 40 per cent. of the amount by which the total income exceeds Rs. 30,000;
(6) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	Rs. 12,500 plus 50 per cent. of the amount by which the total income exceeds Rs. 50,000;
(7) where the total income exceeds Rs. 60,000 but does not exceed Rs. 70,000	Rs. 17,500 plus 52.5 per cent. of the amount by which the total income exceeds Rs. 60,000;
(8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 85,000	Rs. 22,750 plus 55 per cent. of the amount by which the total income exceeds Rs. 70,000;
(9) where the total income exceeds Rs. 85,000 but does not exceed Rs. 1,00,000	Rs. 31,000 plus 57.5 per cent. of the amount by which the total income exceeds Rs. 85,000;
(10) where the total income exceeds Rs. 1,00,000	Rs. 39,625 plus 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1984 exceeds Rs. 15,000, —

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	Nil;
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 plus 27 per cent. of the amount by which the total income exceeds Rs. 15,000;

- | | |
|--|---|
| (4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,890 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 20,000; |
| (5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 | Rs. 4,640 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 | Rs. 6,640 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000; |
| (7) where the total income exceeds Rs. 50,000 | Rs. 16,640 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 50,000; |

Provided that for the purposes of this Sub-Paragraph, —

- (i) no income-tax shall be payable on a total income not exceeding Rs. 12,000;
- (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

- | | |
|--|--|
| (1) where the total income does not exceed Rs. 10,000 | 15 per cent. of the total income; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,500 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 20,000 | Rs. 4,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 20,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 10,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 | 5 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | Rs. 750 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,500 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 50,000; |
| (5) where the total income exceeds Rs. 1,00,000 | Rs. 10,000 <i>plus</i> 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, —

Rates of income-tax

- | | |
|--|--|
| (1) where the total income does not exceed Rs. 10,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 | 4 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | Rs. 600 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,350 <i>plus</i> 13 per cent. of the amount by which the total income exceeds Rs. 50,000; |
| (5) where the total income exceeds Rs. 1,00,000 | Rs. 8,850 <i>plus</i> 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Explanation. — For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority, —

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph E

In the case of a company, —

Rates of income tax

I. In the case of a domestic company, —

- | | |
|--|-----------------------------------|
| (1) where the company is a company in which the public are substantially interested | 55 per cent. of the total income; |
| (2) where the company is not a company in which the public are substantially interested— | |
| (i) in the case of an industrial company | 60 per cent. of the total income; |
| (ii) in any other case | 65 per cent. of the total income. |

II. In the case of a company other than a domestic company, —

(i) on so much of the total income as consists of —

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government

(ii) on the balance, if any, of the total income	70 per cent.
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Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(a) where the person is resident in India—		
(i) on income by way of interest other than "Interest on securities"	10 per cent.	<i>Nil</i> ;
(ii) on income by way of winnings from lotteries and crossword puzzles	30 per cent.	3.75 per cent.;
(iii) on income by way of winnings from horse races	30 per cent.	3.75 per cent.;
(iv) on income by way of insurance commission	10 per cent.	<i>Nil</i> ;
(v) on income by way of interest payable on	10 per cent.	<i>Nil</i> ;
(A) any security, other than a tax-free security, of the Central or a State Government;		
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;		
(C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder		
(vi) on any other income (excluding interest payable on a tax-free security)	20 per cent.	2.5 per cent. ;
(b) where the person is not resident in India—		
(i) in the case of a non-resident Indian—		
(A) on investment income and long-term capital gains	20 per cent.	2.5 per cent.;
(B) on income by way of interest payable on a tax-free security	15 per cent.	1.875 per cent.;
(C) on the whole of the other income	income-tax at 30 per cent. and surcharge at 3.75 per cent. of the amount of the income,	
	or	
	income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income,	
	whichever is higher;	

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	Income-tax	
	Rate of income-tax	Rate of surcharge
(ii) in the case of any other person—		
(A) on the whole of the income (excluding interest payable on a tax-free security)	Income-tax at 30 per cent. and surcharge at 3.75 per cent. of the amount of income,	
	or	
	income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income,	
	whichever is higher;	
(B) on income by way of interest payable on a tax-free security	15 per cent.	1.875 per cent.
2. In the case of a company—		
(a) where the company is a domestic company—		
(i) on income by way of interest other than "Interest on securities"	20 per cent.	1 per cent;
(ii) on any other income (excluding interest payable on a tax-free security)	21.5 per cent.	1.075 per cent;
(b) where the company is not a domestic company—		
(i) on income by way of dividends payable by any domestic company	25 per cent.	Nil;
(ii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.	Nil;
(iii) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern	40 per cent.	Nil;
(iv) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (iii)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government, —		
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.	2.5 per cent;
(B) where the agreement is made after the 31st day of March, 1976 —		

	Income-tax	
	Rate of income-tax	Rate of surcharge
(1) on so much of the amount of such income as consists of lump sum consideration for the transfer outside India of, or the imparting of information outside India in respect of, any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, or trade mark or similar property	20 per cent.	<i>Nil</i> ;
(2) on the balance, if any, of such income	40 per cent.	<i>Nil</i> ;
(v) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—		
(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.	2.5 per cent;
(B) where the agreement is made after the 31st day of March, 1976	40 per cent.	<i>Nil</i> ;
(vi) on income by way of interest payable on a tax-free security	44 per cent.	2.2 per cent;
(vii) on any other income	70 per cent.	3.5 per cent.

Explanation. — For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act at the rates as specified in that Chapter or section), shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies, —

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000 *Nil*;

(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 20 per cent. of the amount by which the total income exceeds Rs. 15,000;

(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 1,000 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 2,250 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 25,000;
(5) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000	Rs. 3,750 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 30,000;
(6) where the total income exceeds Rs. 40,000 but does not exceed Rs. 50,000	Rs. 7,250 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 11,250 <i>plus</i> 45 per cent. of the amount by which the total income exceeds Rs. 50,000;
(8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000	Rs. 20,250 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 70,000;
(9) where the total income exceeds Rs. 1,00,000	Rs. 35,250 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1985 exceeds Rs. 15,000, —

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 <i>plus</i> 27 per cent. of the amount by which the total income exceeds Rs. 15,000;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,890 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 20,000;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,640 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(7) where the total income exceeds Rs. 50,000	Rs. 16,640 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 50,000;

Provided that for the purposes of this Sub-Paragraph, —

- (i) no income-tax shall be payable on a total income not exceeding Rs. 12,000;
- (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs.10,000 | 15 per cent. of the total income; |
| (2) where the total income exceeds Rs.10,000 but does not exceed Rs.20,000 | Rs.1,500 plus 25 per cent. of the amount by which the total income exceeds Rs.10,000; |
| (3) where the total income exceeds Rs.20,000 | Rs.4,000 plus 40 per cent. of the amount by which the total income exceeds Rs.20,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies, —

Rates of income-tax

- | | |
|--|--|
| (1) where the total income does not exceed Rs.10,000 | Nil; |
| (2) where the total income exceeds Rs.10,000 but does not exceed Rs.25,000 | 5 per cent. of the amount by which the total income exceeds Rs.10,000; |
| (3) where the total income exceeds Rs.25,000 but does not exceed Rs.50,000 | Rs.750 plus 7 per cent. of the amount by which the total income exceeds Rs.25,000; |
| (4) where the total income exceeds Rs.50,000 but does not exceed Rs.1,00,000 | Rs.2,500 plus 15 per cent. of the amount by which the total income exceeds Rs.50,000; |
| (5) where the total income exceeds Rs.1,00,000 | Rs.10,000 plus 24 per cent. of the amount by which the total income exceeds Rs.1,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs.10,000 | Nil; |
| (2) where the total income exceeds Rs.10,000 but does not exceed Rs.25,000 | 4 per cent. of the amount by which the total income exceeds Rs.10,000; |
| (3) where the total income exceeds Rs.25,000 but does not exceed Rs.50,000 | Rs.600 plus 7 per cent. of the amount by which the total income exceeds Rs.25,000; |
| (4) where the total income exceeds Rs.50,000 but does not exceed Rs.1,00,000 | Rs.2,350 plus 13 per cent. of the amount by which the total income exceeds Rs.50,000; |
| (5) where the total income exceeds Rs.1,00,000 | Rs.8,850 plus 22 per cent. of the amount by which the total income exceeds Rs.1,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Explanation.— For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested—

(i) in the case of an industrial company 60 per cent. of the total income;

(ii) in any other case 65 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART IV

[See section 2(8)(c)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.— Agricultural income of the nature referred to in sub-clause (a) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly;

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2. — Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act ~~other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)~~ shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A ~~other than sub-sections (3) and (4) thereof~~ 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3. — Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VIA" shall be omitted.

Rule 4. — Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 6 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5. — Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6. — Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7. — Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8. — Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9. — (1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1984, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act, —

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the 1st day of April, 1983,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1984,

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984, is a loss, then, for the purposes of sub-section (5) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of

April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the period aforesaid.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1976, or of the First Schedule to the Finance (No. 2) Act, 1977, or of the Schedule to the Finance Act, 1978, or of the First Schedule to the Finance Act, 1979, or of the First Schedule to the Finance (No. 2) Act, 1980, or of the First Schedule to the Finance Act, 1981, or of the First Schedule to the Finance Act, 1982, or of the First Schedule to the Finance Act, 1983, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

66 of 1976.
29 of 1977.
19 of 1978.
21 of 1979.
44 of 1980.
16 of 1981.
14 of 1982.
11 of 1983.

Rule 10. — Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.

Rule 11. — The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12. — For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(See section 35)

PART I

In the First Schedule to the Customs Tariff Act, —

(i) in Heading No. 28.02/04, for the entry in column (3), the entry "100%" shall be substituted;

(ii) in sub-heading No. (1) of Heading No. 27.10, for the entry in column (3), the entry "100%" shall be substituted;

(iii) in Heading No. 27.12/13, for the entry in column (3), the entry "100%" shall be substituted;

(iv) in sub-heading No. (2) of Heading No. 53.01/05, for the entry in column (3), the entry "100% plus Rs. 10 per kilogram" shall be substituted;

(v) in Heading No. 98.01/02, for the entry in column (3), the entry "200%" shall be substituted.

PART II

Heading No.	Sub-heading No. and description of article	Rate of duty		Duration when rates of duty are protective
		Standard	Preferential Areas	
(1)	(2)	(3)	(4)	(5)

In the First Schedule to the Customs Tariff Act, for Heading No. 92.01/13, the following Heading shall be substituted, namely:—

"92.01/13	Musical instruments; instruments and appliances for recording or reproducing sound or both; television image and sound recorders or reproducers; decoy calls and mouth-blown sound-signalling instruments; parts and accessories of the above articles; prepared media for sound or similar recording; sound-recorded or similar media	100%
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THE THIRD SCHEDULE

[See section 51(a)]

PART I

In the First Schedule to the Central Excises Act,—

- (i) Item No. 1F shall be omitted;
- (ii) Item No. 11B shall be omitted;
- (iii) Item No. 22D shall be omitted;
- (iv) Item No. 23D shall be omitted;
- (v) Item No. 24 shall be omitted.

PART II

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Central Excises Act,—

- (i) In Item No. 4, under "II. Manufactured tobacco _____", for sub-Item (5), the following sub-Item shall be substituted, namely:—

(5) Chewing tobacco, including preparations commonly known as "Kham Masala", "Kham", "Dekta", "Zarda", "Sukha" and "Surti"	Thirty per cent. <i>ad valorem</i> ;
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- (ii) for Item No. 16, the following Item shall be substituted, namely:—

16. TYRES—

"Tyre" means a pneumatic tyre in the manufacture of which rubber is used, and includes the inner tube, the tyre flap and the outer cover of such a tyre:

1. (1) Tyres for motor vehicles—

- (a) Tyres for two-wheeled motor vehicles, namely, scooters, motor cycles, mopeds and auto-cycles—

(i) tyres	Fifty rupees per tyre,
(ii) tubes	Twenty-five per cent. <i>ad valorem</i> ;

(b) Others—

(i) tyres	One thousand and five hundred rupees per tyre.
(ii) tubes and flaps	Sixty per cent. <i>ad valorem</i> .

(2) Tyres for tractors, including agricultural tractors—

(a) tyres	Five hundred rupees per tyre.
(b) tubes and flaps	Twenty-five per cent. <i>ad valorem</i> .

(3) Tyres for trailers,

- (a) of sizes, namely,
7.50 - 16 and 9.00 - 16—

(i) tyres	Five hundred rupees per tyre.
(ii) tubes and flaps	Twenty-five per cent. <i>ad valorem</i> .

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
(b) Others—		
(i) tyres		One thousand and five hundred rupees per tyre.
(ii) tubes and flaps		Sixty per cent. <i>ad valorem</i> .
II. Tyres for cycles and cycle rickshaws—		
(1) tyres		Sixty paise per tyre or fifteen per cent. <i>ad valorem</i> , whichever is higher.
(2) tubes		Thirty paise per tube or fifteen per cent. <i>ad valorem</i> , whichever is higher.
III. Tyres for vehicles or equipments designed for use off the road		Sixty per cent. <i>ad valorem</i> .
IV. All other tyres		Twenty-five per cent. <i>ad valorem</i> .

Explanation I. — "Motor vehicles" means all mechanically propelled vehicles, other than tractors, designed for use upon roads.

Explanation II. — "Motor vehicles", "tractors, including agricultural tractors" and "trailers" shall include a chassis; but shall not include a vehicle running upon fixed rails.

(iii) In Item No. 59, for sub-Items (1) and (2), the following sub-Items shall be substituted, namely:—

"(1) Magnetic tapes of width not exceeding 6.5 millimetres for sound recording, whether in spools or in reels or in any other form or packing, but excluding cassette tapes.	Twenty-five per cent. <i>ad valorem</i> .
"(2) Sound recorded magnetic tapes of width not exceeding 6.5 millimetres, whether in spools or in reels or in any other form or packing, but excluding sound recorded cassette tapes.	Twenty-five per cent. <i>ad valorem</i> .

THE FOURTH SCHEDULE

[See section 51(b)]

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Central Excises Act,—

(i) for Item No. 26A, the following item shall be substituted, namely:—

'26A. COPPER AND PRODUCTS THEREOF —

"Copper" shall include any alloy in which copper predominates by weight over each of the other metals.

(1) Unwrought copper in any form (refined or not including blister copper and cement copper), including ingots, notched bars, wire bars, blocks, slabs, billets, shots, pellets, cathodes and cakes.

Five thousand and six hundred rupees per metric tonne.

Explanation.— This sub-Item includes wire bars and billets with their ends tapered or otherwise worked simply to facilitate their entry into machines for converting them into, for example, wire rods or tubes.

(2) Waste and scrap of copper.

Five thousand and six hundred rupees per metric tonne.

(3) Wrought bars, rods (including wire rods), angles, shapes and sections, of copper.—

(i) Wrought bars and rods (including wire rods) of copper.

Five thousand and six hundred rupees per metric tonne.

(ii) Wrought angles, shapes and sections of copper.

Six thousand and three hundred rupees per metric tonne.

(4) Castings, not otherwise specified.

Five thousand and six hundred rupees per metric tonne.

(5) Copper wire.

Twenty per cent.
ad valorem.

(6) Wrought plates, sheets, blanks (including circles) and strips of copper.

Six thousand and three hundred rupees per metric tonne.

Explanation.— In this sub-Item, "blank" means a piece of plate, sheet or strip, in any shape, including a circle, prepared for subsequent fabrication.

(7) Copper foil.

Six thousand and three hundred rupees per metric tonne.

(8) Copper powders (excluding cement copper) and flakes.

Twenty per cent.
ad valorem.

(9) Pipes and tubes of copper.

Twenty-eight per cent.
ad valorem.

(10) Shells and blanks for pipes and tubes; hollow sections of copper.

Twenty-eight per cent.
ad valorem.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

Explanation. — In this Item, —

(i) "waste and scrap" means waste and scrap metal fit only for the recovery of metal by remelting or for use in the manufacture of chemicals, but does not include slag, dross, scalings, ash and other cuprous residues;

(ii) "wrought bars and rods (including wire rods)" means

(a) any extruded, rolled, drawn or forged products of solid section, of which the width or the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; or

(b) any cast or sintered products, of the same forms and dimensions, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of any article or product falling under any other Item;

(iii) "wrought angles, shapes and sections" means

(a) any extruded, rolled, drawn or forged products of solid section (other than round, rectangular, square and hexagonal), of which the width or the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; or

(b) any cast or sintered products, of the same forms and dimensions, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of any article or product falling under any other Item;

(iv) "wire" means any rolled, extruded or drawn product of solid and uniform cross-section, of which no cross-sectional dimension exceeds 6 millimetres, but does not include electric wires and cables, falling under Item No. 33B;

(v) "plate" means a flat product whose thickness exceeds 10 millimetres and the width exceeds 300 millimetres;

(vi) "sheet" means a flat product, cut to length, whose thickness exceeds 0.15 millimetre but does not exceed 10 millimetres, and the width exceeds 300 millimetres;

(vii) "strip" means a flat product whose thickness exceeds 0.15 millimetre but does not exceed 10 millimetres, of any width and generally not cut to length and usually in coil;

(viii) "foil" means a flat product of thickness (excluding any backing) not exceeding 0.15 millimetre, of any width, generally not cut to length and usually in coil, whether or not embossed, cut to shape, perforated, coated, printed or backed with paper or other reinforcing material;

(ix) "powders and flakes" means all types of powders and flakes, but does not include cement copper and powders and flakes prepared as colours, pigments, paints or the like;

(x) "pipes and tubes" means a hollow product of uniform cross-section and wall thickness having a continuous periphery produced by drawing, casting or extrusion process;

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
	(xi) "shells and blanks" means a hollow cylinder produced by extrusion, rotary piercing or casting for subsequent drawing into pipe or tube;	
	(xii) "hollow section" means a section which is normally extruded, drawn or cast, the cross-section of which completely encloses a void or voids, ';	
	(ii) for Item No. 26B, the following Item shall be substituted, namely:—	
	'26B. ZINC AND PRODUCTS THEREOF—	
	"Zinc" shall include any alloy in which zinc predominates by weight over each of the other metals.	
	(1) Unwrought zinc in any form including blocks, plates, ingots, cakes, bars, billets, hard or soft slabs, cathodes, anodes, pellets, spelter and broken zinc.	Three thousand two hundred and seventy-five rupees per metric tonne.
	(2) Waste and scrap of zinc.	Three thousand two hundred and seventy-five rupees per metric tonne.
	(3) Wrought bars, rods (including wire rods), angles, shapes and sections of zinc; zinc wire.	
	(i) Wrought bars and rods (including wire rods) of zinc.	Three thousand two hundred and seventy-five rupees per metric tonne.
	(ii) Wrought angles, shapes and sections of zinc and zinc wire.	Three thousand eight hundred rupees per metric tonne.
	(4) Wrought plates, sheets, blanks (including circles, but excluding calots) and strips of zinc; zinc foil.	Three thousand eight hundred rupees per metric tonne.
	<i>Explanation.</i> — In this sub-Item, "blank" means a piece of plate, sheet or strip in any shape, including a circle, prepared for subsequent fabrication.	
	(5) Zinc calots.	Four thousand seven hundred and fifty rupees per metric tonne.
	(6) Zinc powders and flakes.	Twenty per cent. <i>ad valorem.</i>
	(7) Pipes and tubes of zinc.	Forty-five per cent. <i>ad valorem.</i>
	(8) Shells and blanks for pipes and tubes; hollow sections of zinc.	Forty-five per cent. <i>ad valorem.</i>

Explanation.— In this Item, —

(i) "waste and scrap" means waste and scrap metal fit only for the recovery of metal by remelting or for use in the manufacture of chemicals, and includes dross and ash;

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

(ii) "wrought bars and rods (including wire rods)" means

(a) any extruded, rolled, drawn or forged products of solid section, of which the width or the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; or

(b) any cast or sintered products, of the same forms and dimensions, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of any article or product falling under any other Item;

(iii) "wrought angles, shapes and sections" means

(a) any extruded, rolled, drawn or forged products of solid section (other than round, rectangular, square and hexagonal), of which the width or the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; or

(b) any cast or sintered products, of the same forms and dimensions, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of any article or product falling under any other Item;

(iv) "wire" means any rolled, extruded or drawn product of solid and uniform cross-section, of which no cross-sectional dimension exceeds 6 millimetres;

(v) "plate" means a flat product, cut to length, whose thickness exceeds 10 millimetres and width exceeds 500 millimetres;

(vi) "sheet" means a flat product whose thickness exceeds 0.15 millimetre, but does not exceed 10 millimetres, and width exceeds 500 millimetres;

(vii) "strip" means a flat product, generally not cut to length, whose thickness exceeds 0.15 millimetre but does not exceed 10 millimetres, and width does not exceed 500 millimetres;

(viii) "foil" means a flat product whose thickness (excluding any backing) not exceeding 0.15 millimetre, whether or not embossed, cut to shape, perforated, coated, printed or backed with paper or other reinforcing material;

(ix) "powders and flakes" means all types of powders and flakes, including dust, but excluding powders and flakes prepared as colours, pigments, paints or the like;

(x) "pipes and tubes" means a hollow product of uniform cross-section having a continuous periphery produced by drawing, casting or extrusion process;

(xi) "hollow-section" means a section which is normally extruded, drawn or cast and the cross-section of which

Item No. (1)	Description of goods (2)	Rate of duty (3)
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(iii) for Item No. 27, the following Item shall be substituted, namely:—

27. ALUMINIUM AND PRODUCTS THEREOF—

"Aluminium" shall include any alloy in which aluminium predominates by weight over each of the other metals.

(1) Unwrought aluminium in any form including ingots, pigs, blocks, billets, slabs, notched bars, wire bars, shots and pellets.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(2) Waste and scrap of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(3) Wrought bars, rods (including wire rods), angles, shapes and sections of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(4) Castings, not otherwise specified.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(5) Aluminium wire	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(6) Wrought plates, sheets, blanks (including circles) and strips of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.

Explanation .— In this sub-Item, "blank" means a piece of plate, sheet or strip in any shape, including a circle, prepared for subsequent fabrication.

(7) Aluminium foil.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(8) Aluminium powders and flakes.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.

Explanation .— This sub-Item includes aluminium powders mixed with other base metal powders, but does not include powders or flakes, prepared as pigment paste, colours, paints or the like.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
(9)	Pipes and tubes of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(10)	Shells and blanks for pipes and tubes; hollow sections of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(11)	Containers, plain, lacquered or printed or lacquered and printed.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.

Explanation. — In this Item, —

- (i) "waste and scrap" means waste and scrap metal fit only for the recovery of metal by remelting or for use in the manufacture of chemicals, but does not include sludge, dross, scalings, skimmings, ash and other residues;
- (ii) "wrought bars, rods (including wire rods)" means
- any extruded, rolled, drawn or forged products of solid section, of which the width or the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; or
 - any cast or sintered products, of the same forms and dimensions which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of any article or product falling under any other Item;
- (iii) "wrought angles, shapes and sections" means
- any extruded, rolled, drawn or forged products of solid section (other than round, rectangular, square and hexagonal), of which the width or the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; or
 - any cast or sintered products, of the same forms and dimensions, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of any article or product falling under any other Item;
- (iv) "wire" means rolled, extruded or drawn product, of solid and uniform cross-section, of which no cross-sectional dimension exceeds 6 millimetres, but does not include electric wires and cables falling under Item No. 33B;
- (v) "plate" means a flat product of rectangular section, generally cut to length, whose thickness is 6 millimetres and above;
- (vi) "sheet" means a flat product of rectangular section, generally cut to length, whose thickness exceeds 0.15 millimetre but is below 6 millimetres;

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
(vii)	"strip" means a product of rectangular section, supplied in coil or flat form, of thickness exceeding 0.15 millimetre but below 6 millimetres, with length more than eight times the width;	
(viii)	"foil" means a flat product of rectangular section, of thickness (excluding any backing) not exceeding 0.15 millimetre, whether or not embossed, cut to shape, perforated, coated, printed or backed with paper or other reinforcing material;	
(ix)	"pipes and tubes" means a hollow product of uniform cross-section having a continuous periphery produced by drawing, casting, extrusion or welding process;	
(x)	"hollow section" means a section which is normally extruded, drawn or cast and the cross-section of which completely encloses a void or voids;	
(xi)	"container" means containers ordinarily intended for packaging of goods for sale, including collapsible tubes, casks, drums, cans, boxes, gas cylinders and pressure containers, whether in assembled or unassembled condition and containers known commercially as flattened or folded containers.;	

(iv) for Item No. 27A, the following Item shall be substituted, namely:—

‘27A. LEAD AND PRODUCTS THEREOF—

"Lead" shall include any alloy in which lead predominates by weight over each of the other metals.

- | | |
|--|--|
| (1) Unwrought lead (including argentiferous lead), including ingots, pigs, blocks, anodes, slabs, cakes and cast sticks, | Eight hundred and forty rupees per metric tonne. |
| (2) Waste and scrap of lead. | Eight hundred and forty rupees per metric tonne. |

Explanation.—In this sub-Item, "waste and scrap" means waste and scrap metal fit only for the recovery of metal by remelting or for use in the manufacture of chemicals, but does not include slag, ash and other residues.

- | | |
|---|---|
| (3) Pipes and tubes of lead. | Twenty per cent.
<i>ad valorem.</i> |
| (4) Shells and blanks for pipes and tubes. | Twenty per cent.
<i>ad valorem.</i> |
| (5) Wrought lead in the form of bars, rods, angles, sections, shapes, wires, plates, sheets, circles, strips and foils. | One thousand rupees per metric tonne.‘. |

THE FIFTH SCHEDULE

(See section 53)

Item No. in the First Schedule to the Central Excises and Salt Act, 1944	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Additional Duties of Excise Act, 1944

(i) In Item No. 4, under "II. *Manufactured tobacco*",—

(a) for the entry in the third column against sub-Item (2), the entry "Two hundred and sixty rupees per thousand or one hundred and seventy-five per cent. *ad valorem plus* twelve rupees per thousand, whichever is higher." shall be substituted;

(b) for sub-Item (5), the following sub-Item shall be substituted, namely:—

'(5) Chewing tobacco, including preparations commonly known as " <i>Khara Masala</i> ", " <i>Kinam</i> ", " <i>Dokta</i> ", " <i>Zarda</i> ", " <i>Sukha</i> " and " <i>Surti</i> "	Ten per cent. <i>ad valorem</i> .
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(ii) In Item No. 22, for each of the entries in the third column against sub-Items (1)(a) and (1)(b), the entry "Ten per cent. *ad valorem plus* rupees two per square metre." shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1984-85. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;
The 29th February, 1984.

PRANAB MUKHERJEE.

**PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117
AND 274 OF THE CONSTITUTION OF INDIA**

Copy of letter No. F.3(1)-B(D)/84 dated the 29th February, 1984 from Shri Pranab Mukherjee, Minister of Finance, to the Secretary-General, Lok Sabha.

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1984 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 29th February, 1984.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on incomes chargeable to tax for the assessment year 1984-85. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1984-85 from incomes subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1984-85.

Rates of income-tax for the assessment year 1984-85:

Part I of the First Schedule to the Bill specifies the rates of income-tax (including surcharge) on incomes liable to tax for the assessment year 1984-85. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1983, for the purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1983-84.

Where a company has made any deposit during the financial year 1983-84 under the Companies Deposits (Surcharge on Income-tax) Scheme, 1983, with the Industrial Development Bank of India, the amount of surcharge on income-tax payable by it for the assessment year 1984-85 will be reduced by the amount of the deposit so made, subject to a maximum of one-half of the amount of surcharge payable by it.

Rates for deduction of tax at source during the financial year 1984-85 from income other than "Salaries":

Part II of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge where applicable) is to be deducted at source during the financial year 1984-85 from incomes other than "Salaries" and retirement annuities under section 80E(9) of the Income-tax Act. The rates specified in this Part for deduction of tax at source are the same as those specified in Part II of the First Schedule to the Finance Act, 1983, for the purposes of deduction of tax at source during the financial year 1983-84.

Rates for deduction of tax at source from "Salaries" and retirement annuities, computation of "advance tax" and charging of income-tax in special cases during the financial year 1984-85:

Part III of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge) is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1984-85.

With the exception of the rate schedule applicable to individuals, Hindu undivided families (other than those with one or more members having income exceeding the exemption limit), unregistered firms, etc., the rates of tax applicable to other categories of taxpayers (including companies) are the same as those specified in Part I of the First Schedule to the Bill for the assessment of incomes liable to tax for the assessment year 1984-85. However, the rate schedule applicable to individuals, Hindu undivided families (other than those with one or more members having income exceeding the exemption limit), unregistered firms, etc., has been replaced by a new rate schedule. Under the new rate schedule, the tax rate applicable to the income slab of Rs. 15,001 - Rs. 20,000 has been reduced from 25 per cent. to 20 per cent. and the tax rate applicable to incomes above Rs. 1 lakh has been reduced from 60 per cent. to 55 per cent. The tax rates in the intermediate slabs have also been revised suitably.

The surcharge on income-tax in the case of all non-corporate assessees will continue to be charged at the rate of 12.5 per cent. of such income-tax.

The surcharge on income-tax in the case of all categories of companies will also continue to be charged at the rate of 5 per cent. of such income-tax. Companies will, however, have the option of making a deposit with the Industrial Development Bank of India (under a scheme to be notified by the Central Government) in lieu of payment of the entire amount of such surcharge.

Clause 3 seeks to amend clause (30) of section 10 of the Income-tax Act.

Under the existing provisions, any subsidy, received from or through the Tea Board, under a Scheme notified by the Central Government for replacement or replantation of tea bushes by an assessee who carries on the business of growing and manufacturing tea in India is exempt from tax.

Under the proposed amendment, any subsidy received from the Tea Board under a scheme, notified by the Central Government, for rejuvenation or consolidation of areas used for cultivation of tea will also be exempt from tax.

This amendment will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 4 seeks to amend sub-section (5) of section 11 of the Income-tax Act relating to income from property held under trust for charitable or religious purposes.

Sub-section (5) of the said section specifies the forms and modes of investing trust funds. The proposed amendment seeks to include deposits with the Industrial Development Bank of India as one of the forms and modes of investing or depositing trust funds.

This amendment will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 5 seeks to amend section 33B of the Income-tax Act relating to rehabilitation allowance.

Under the existing provisions, a deduction in respect of rehabilitation allowance is allowed for facilitating the re-establishment, reconstruction or revival of the business of an industrial undertaking in India which is discontinued because of extensive damage to, or destruction of, its building, machinery, plant or furniture as a direct result of natural calamities (such as flood, cyclone, earthquake, etc.), riot or civil disturbance, accidental fire or explosion or enemy action.

Under the proposed amendment, no deduction will be allowed under this provision in relation to the assessment year commencing on the 1st day of April, 1985 or any subsequent assessment year.

This amendment will take effect from 1st April, 1985.

Clause 6 seeks to amend section 35 of the Income-tax Act relating to deduction in respect of expenditure on scientific research.

Under the existing provisions in section 35(2)(ia) the whole of the capital expenditure incurred by an assessee on scientific research related to the business carried on by him is allowed as a deduction in computing the taxable profits of the business of the year in which such expenditure is incurred. Sub-clause (a)(i) seeks to provide that the above deduction will not be available in respect of capital expenditure incurred on the acquisition of any land after the 29th February, 1984.

Sub-clause (a)(ii) seeks to insert an Explanation to provide that, for the purposes of this clause, land would include any interest in land and shall be deemed to have been acquired on the date on which the document purporting to transfer the land is registered under the Registration Act, 1908, and where the possession of any land has been obtained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882, on the date on which such possession was obtained.

Sub-clause (b) seeks to amend sub-section (2A) of this section. Under the existing provisions, a weighted deduction equal to one and one-third times the sum paid by a taxpayer to a scientific research association or university or college or other institution or to a public sector company to be used for scientific research undertaken under a programme approved by the prescribed authority is allowed in computing the taxable profits of the business of the year in which such expenditure is incurred. Under the proposed amendment, the weighted deduction will not be allowed in respect of such sums paid after the 29th February, 1984.

Sub-clause (c) seeks to amend sub-section (2B) of this section. Under the existing provisions, a weighted deduction equal to one and one-fourth times the amount of expenditure incurred by a taxpayer on scientific research undertaken under a programme approved by the prescribed authority is allowed in computing the taxable profits of the business of the year in which such expenditure is incurred. Under the proposed amendment, the weighted deduction will not be allowed in respect of such expenditure incurred after the 29th February, 1984.

These amendments will take effect from 1st April, 1984.

Clause 7 seeks to amend section 35C of the Income-tax Act relating to agricultural development allowance.

Under the existing provisions, a company or a co-operative society which uses the products of agriculture, animal husbandry or dairy or poultry farming as raw material or processes such products

is eligible for a deduction of the expenditure incurred, whether directly or through an approved association or body, in the provision of agricultural inputs and extension services to cultivators, growers or producers of such products.

Under the proposed amendment, no deduction under this provision will be allowed in relation to expenditure incurred after the 29th February, 1984.

This amendment will take effect from 1st April, 1984.

Clause 8 seeks to amend clause (11a) of sub-section (1) of section 36 of the Income-tax Act.

Under the existing provisions, a weighted deduction equal to one and one-third times the amount of the expenditure incurred on payment of any salary to an employee who is totally blind or suffers from a permanent physical disability is allowed in computing the taxable profits. Under the proposed amendment, the weighted deduction will not be allowed in respect of salary paid for any period of employment after the 29th day of February, 1984.

This amendment will take effect from 1st April, 1984.

Clause 9 seeks to amend section 40 of the Income-tax Act relating to amounts not deductible in the computation of business income.

Under section 40(c), expenditure incurred by a company on the provision of any remuneration or benefit or amenity to a director or a person who has a substantial interest in the company or to a relative of the director or of such person, and the expenditure or allowance in respect of any assets of the company which are used by such persons for their own purposes or benefit, is not allowable as a deduction in computing the taxable profits of the company, to the extent such expenditure or allowance is, in the opinion of the Income-tax Officer, excessive or unreasonable. The aggregate of such expenditure and allowance is further subject to an overall ceiling limit of Rs.72,000 in a year, in respect of any one director or person who has a substantial interest in the company or a relative of the director or such person. Where such expenditure or allowance relates to only a part of the year, the monetary ceiling is the amount calculated at the rate of Rs.6,000 per month or part of a month comprised in the period to which the expenditure or allowance relates.

The proposed amendment seeks to raise the overall monetary ceiling of Rs.72,000 to Rs.1,02,000 and the monthly ceiling of Rs. 6,000 to Rs. 8,500.

This amendment will take effect on 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 10 seeks to amend section 40A of the Income-tax Act relating to payments not deductible in certain circumstances.

Sub-clauses (a) and (b) seek to amend sub-sections (5) and (6) respectively of section 40A. Section 40A(5) places certain ceiling limits on the deductible amount of expenditure incurred by a taxpayer on account of payment of salary to any employee or a former employee or in providing any perquisite, etc., to any such employee. Under this provision, expenditure incurred by an assessee on payment of salary to an employee in respect of the period of his employment in India during the relevant year will not be allowed as deduction in computing the taxable profits of the employer to the extent it exceeds an amount calculated at the rate of Rs.5,000 for each month or part of a month. In the case of a person who ceases or ceased to be the employee of the taxpayer during the relevant accounting year or any earlier year, the ceiling limit is Rs.60,000 per annum. Further, the aggregate of expenditure incurred by an assessee in providing any perquisite to an employee and the amount of expenditure or allowance (such as depreciation allowance) in respect of the assets of the assessee used by the employee for his own purpose or benefit is not allowed as deduction in computing the profits of the business or profession to the extent it exceeds 20% of the amount of salary paid to the employee or an amount calculated at the rate of Rs.1,000 for each month or part thereof comprised in the period of employment, whichever is less.

Where the assessee has incurred any expenditure on payment of fees for services rendered by a person who, at any time during the 24 months immediately preceding the relevant year, was an employee of the assessee, section 40A(6) provides that such expenditure by way of fees, or where the assessee has also paid any salary to such person during the relevant year, the aggregate expenditure on the payment of such fees and salary shall not exceed Rs.60,000.

The proposed amendments to sub-sections (5) and (6) of section 40A seek to raise the monetary limits aforesaid from Rs.5,000 to Rs.7,500 per month and the annual ceiling of Rs.60,000 to Rs.90,000.

These amendments will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Sub-clause (c) seeks to insert a new sub-section (9) in section 40A. The proposed sub-section provides that no deduction shall be allowed in the computation of taxable profits in respect of any sum paid by the assessee as an employer towards the setting up of, or as contribution to, any fund or trust for any purpose, except where such sum is paid or contributed (within the limits laid down under the relevant provisions) to a recognised provident fund or an approved gratuity fund or an approved superannuation fund or for the purposes and to the extent required by or under any other law.

The proposed provision will take effect retrospectively from 1st April, 1980, and will, accordingly, apply in relation to the assessment year 1980-81 and subsequent years.

Clause 11 seeks to insert a new section 44AB in the Income-tax Act relating to audit of accounts of certain persons carrying on business or profession.

The proposed provision seeks to make it obligatory for a person carrying on business to get his accounts audited before the "specified date" by an accountant, if the total sales, turnover or gross receipts in business for the previous year or years exceeds or exceed twenty lakh rupees. A person carrying on profession will also have to get his accounts audited before the said date if his gross receipts in profession for the previous year or years exceeds or exceed ten lakh rupees. Such persons will also be required to obtain before the specified date a report of the audit in the prescribed form. These requirements will apply only in relation to the accounts for the previous year or years relevant to any assessment year commencing on 1st April, 1985 or any subsequent assessment year.

In cases where the accounts of a person are required to be audited by or under any other law, it will suffice if the person gets his accounts audited under such other law before the specified date and also obtains before the said date the report of audit in the prescribed form, in addition to the report of audit required under such other law.

The expression "accountant", for the purposes of this provision, will have the same meaning as in the Explanation below section 288(2) of the Income-tax Act. The expression "specified date", in relation to the accounts of the previous year or years relevant to any assessment year, means the date of the expiry of four months from the end of that year or where there is more than one previous year, from the end of the previous year which expired last before the commencement of that assessment year or the 30th June of such assessment year, whichever date falls later.

The proposed amendment will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 12 seeks to amend sub-section (3) of section 80CC of the Income-tax Act.

Under the existing provisions, where certain specified categories of assessee purchase new equity shares out of their income chargeable to tax, they are allowed a deduction, in the computation of their total income, of an amount equal to 50 per cent. of the cost of the shares so purchased. Where such cost exceeds Rs.20,000, the amount with reference to which the deduction is allowed is limited to Rs.20,000.

Under the proposed amendment, no deduction will be available with reference to the cost of any shares offered for public subscription after the 29th February, 1984.

This amendment will take effect from 1st April, 1984.

Clause 13 seeks to omit, with effect from 1st April, 1985, section 80D of the Income-tax Act relating to deduction in respect of medical treatment of handicapped dependants. The deduction will not, therefore, be available for the assessment year 1985-86 and subsequent assessment years.

Clause 14 seeks to amend section 80E of the Income-tax Act relating to deduction in respect of payment for securing retirement annuities.

Under the existing provisions, an Indian citizen who is resident in India and is a partner of a registered firm rendering professional service as a chartered accountant, solicitor, lawyer, architect, or such

other professional service notified by the Central Government, is entitled, subject to certain conditions, to a deduction, in the computation of his total income, in respect of the amount paid by him as premium under an approved contract for the purpose of securing for him a life annuity in old age.

Under the proposed amendment, no deduction will be allowed under this provision in relation to the amount paid as premium after the 29th February, 1984.

This amendment will take effect from 1st April, 1984.

Clause 15 seeks to amend section 80L of the Income-tax Act relating to deductions in respect of income from specified financial assets.

Under the existing provisions, income from investment in specified financial assets (including units of the Unit Trust of India) is deducted in computing the taxable income. The aggregate amount of the deduction under this provision is limited to Rs. 7,000. In addition, a further deduction of an amount up to Rs. 3,000 is allowed under the Unit Trust of India Act in respect of income from units of the Unit Trust of India.

The amendment under sub-clause (a) seeks to include, in the categories of income qualifying for deduction under section 80L, any interest on deposits under any such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette.

The amendment under sub-clause (b) is consequential to the amendment under sub-clause (a).

The amendment under sub-clause (c) seeks to insert a proviso to section 80L to the effect that where the gross total income of the assessee includes any income by way of interest on any deposits under any notified National Deposit Scheme or any income in respect of units of the Unit Trust of India, the assessee shall be entitled, in addition to the deduction of Rs. 7,000 under the main provision, a further deduction of an amount equal to so much of the income from the aforesaid assets as has not been allowed as deduction under the main provision, subject to a maximum of Rs. 3,000.

The proposed amendments will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 16 seeks to amend section 80M of the Income-tax Act relating to deduction in respect of certain inter-corporate dividends.

Under the existing provisions, where the gross total income of a domestic company includes any income by way of dividends from a domestic company, a deduction is allowed in computing its total income of an amount equal to, -

(a) the whole of such income, if the dividend income is derived from a domestic company exclusively or almost exclusively engaged in the manufacture of any one or more of the specified priority articles; and

(b) sixty per cent. of such income in any other case.

The proposed amendment seeks to introduce a uniform rate of deduction of sixty per cent. for all inter-corporate dividends.

This amendment will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 17 seeks to amend section 80N of the Income-tax Act relating to deduction in respect of dividends received from certain foreign companies.

Under the existing provisions, an Indian company deriving income by way of dividends on shares allotted to it in a foreign company in consideration for the provision of technical "know-how" or technical services to such company is entitled to a deduction of the whole of such income by way of dividends in the computation of the taxable income to the extent such income is received in or is brought into India by the taxpayer in accordance with the law regulating payments and dealings in foreign exchange. The proposed amendment seeks to restrict this deduction to fifty per cent. of such income.

This amendment will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
(iii) for Item No. 27, the following Item shall be substituted, namely:—		
27. ALUMINIUM AND PRODUCTS THEREOF—		
"Aluminium" shall include any alloy in which aluminium predominates by weight over each of the other metals.		
(1)	Unwrought aluminium in any form including ingots, pigs, blocks, billets, slabs, notched bars, wire bars, shots and pellets.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(2)	Waste and scrap of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(3)	Wrought bars, rods (including wire rods), angles, shapes and sections of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(4)	Castings, not otherwise specified.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(5)	Aluminium wire	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(6)	Wrought plates, sheets, blanks (including circles) and strips of aluminium.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
<i>Explanation .—</i> In this sub-Item, "blank" means a piece of plate, sheet or strip in any shape, including a circle, prepared for subsequent fabrication.		
(7)	Aluminium foil.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.
(8)	Aluminium powders and flakes.	Fifty per cent. <i>ad valorem plus</i> four thousand rupees per metric tonne.

Explanation .— This sub-Item includes aluminium powders mixed with other base metal powders, but does not include powders or flakes, prepared as pigment paste, colours, paints or the like.

person or where the individual shares of the persons on whose behalf or for whose benefit such income is receivable are indeterminate or unknown, tax shall be charged on the relevant income at the maximum marginal rate. The proviso to sub-section (1) of section 164 provides that in the four types of cases specified therein, the relevant income will not be charged to tax at the maximum marginal rate, but tax on such income shall be charged as if it were the total income of an association of persons.

Sub-clause (a) seeks to insert a further proviso to sub-section (1) of section 164 of the Act. The new proviso seeks to provide that where any income in respect of which the person mentioned in clause (iv) of sub-section (1) of section 160 is liable as a representative assessee consists of, or includes, profits and gains of business, the provisions of the first proviso referred to in the preceding paragraph shall apply only if such profits and gains are receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance and such trust is the only trust so declared by him.

Sub-clause (b) seeks to insert a proviso to sub-section (2) of section 164. The aforesaid sub-section (2) provides that in the case of income derived from property held under trust wholly for charitable or religious purposes or which is in the nature of voluntary contributions received by the trust or which is of the nature of profits and gains of business, tax shall be charged on so much of the income as is not exempt under section 11 or section 12 of the Income-tax Act as if the income not so exempt were the income of an association of persons.

The new proviso seeks to provide that in a case where the whole or any part of the aforesaid income is not exempt under section 11 or section 12 because of the contravention of the provisions contained in clause (c) or clause (d) of section 13(3) of the Income-tax Act, tax shall be charged on such income or part thereof, as the case may be, at the maximum marginal rate.

Sub-clause (c) seeks to insert two new provisos to sub-section (3) of section 164 of the Income-tax Act.

The first of these provisos seeks to carve out an exception to the provisions contained in the first proviso to section 164(3). The existing first proviso specifies the cases in which the relevant income derived by a trust in part only for charitable or religious purposes is to be charged as if it were the total income of an association of persons, and not at the maximum marginal rate as laid down in section 164(3) of the Act. The proposed new proviso seeks to provide that where the relevant income consists of, or includes, profits and gains of business, the provisions of the existing first proviso shall apply only if the income is receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him.

The second of the two new provisos seeks to carve out an exception to the provisions contained in section 164(3). This proviso seeks to provide that in a case where the whole or any part of the relevant income derived from property held under trust in part only for charitable purposes or which is of the nature of voluntary contributions received by the trust or which is of the nature of profits and gains of business shall be charged to tax at the maximum marginal rate in cases where the trust forfeits exemption from tax for contravention of the provisions contained in clause (c) or clause (d) of sub-section (1) of section 13, and not as if such income were the total income of an association of persons.

These amendments will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 22 seeks to amend section 193 of the Income-tax Act relating to deduction of tax at source in respect of interest on securities.

Under the existing provisions, the person responsible for paying any income chargeable under the head "Interest on securities" is required, at the time of payment, to deduct income-tax at the rates in force on the amount of interest payable. In respect of interest payable on certain securities specified in the section, no tax is required to be deducted at source.

The proposed amendment seeks to provide that no tax need be deducted from any interest payable to an individual who is resident in India, on debentures issued by a company in which the public are substantially interested, if such debentures are listed on a recognised stock exchange in India; the interest is paid by the company by an account payee cheque; and the aggregate amount of interest payable by the company to such individual does not exceed one thousand rupees.

This amendment will take effect from 1st June, 1984.

Clause 23 seeks to amend section 194 of the Income-tax Act relating to deduction of tax at source in respect of dividends paid.

Under the existing provisions, the principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India is required to deduct income-tax from the amount of such dividend at the rates in force.

The proposed amendment seeks to provide that in the case of a share holder being an individual, resident in India, no tax need be deducted at source from such dividend income where the dividend is paid by a company in which the public are substantially interested; the aggregate amount of such dividend paid does not exceed one thousand rupees; and the dividend is paid by the company by an account payee cheque drawn on a bank.

This amendment will take effect from 1st June, 1984.

Clause 24 of the Bill seeks to amend section 252 of the Income-tax Act.

Sub-clause (a) of this clause seeks to insert a new sub-section (4A) in this section so as to empower the Central Government to appoint one of the Vice-Presidents of the Appellate Tribunal to be the Senior Vice-President thereof.

Sub-clause (b) seeks to make a consequential amendment in sub-section (5) of this section to provide that the Senior Vice-President of the Appellate Tribunal shall also exercise such of the powers and perform such of the functions of the President of the Appellate Tribunal as may be delegated to him by the President by a general or special order in writing.

These amendments will take effect from 1st April, 1984.

Clause 25 seeks to amend section 269C of the Income-tax Act relating to immovable property in respect of which proceedings for acquisition may be taken.

Under the existing provisions, the Central Government is, subject to the fulfilment of certain conditions, empowered to acquire any immovable property having a fair market value exceeding Rs. 25,000 in cases where the declared consideration for the transfer of the property is less than the fair market value of the property on the date of transfer.

The proposed amendment seeks to raise the aforesaid monetary limit to Rs. 50,000.

This amendment will take effect from 1st June, 1984.

Clause 26 seeks to amend section 269F of the Income-tax Act relating to the hearing of objections in respect of proceedings for the acquisition of immovable property under Chapter XXA of the Act.

The proposed amendment is consequential to the amendment of section 269C of the Income-tax Act effected by clause 25.

This amendment will take effect from 1st June, 1984.

Clause 27 seeks to amend section 269P of the Income-tax Act relating to the statement to be furnished in respect of transfers of immovable property.

Under the existing provisions, any person presenting a document for transferring any immovable property for an apparent consideration exceeding Rs. 10,000 is required to furnish to the registering officer a statement in the prescribed form in duplicate in respect of such transfer.

The proposed amendment seeks to provide that such statements will have to be filed before the registering officers only in cases where the apparent consideration exceeds Rs. 25,000.

This amendment will take effect from 1st June, 1984.

Clause 28 seeks to insert a new section 269SS in the Income-tax Act relating to the mode of taking or accepting certain loans and deposits.

The proposed provision seeks to provide that, after 30th June, 1984, no person shall accept any loan or deposit from any other person of ten thousand rupees or more except by account payee cheque or account payee bank draft. This requirement will also apply in cases where, on the date of taking or accepting a loan or deposit from a person, any earlier loan or deposit taken or accepted from the same person and remaining unpaid on that date, is ten thousand rupees or more.

The proposed requirement will also apply if the aggregate amount of such earlier loan or deposit and the amount of loan or deposit proposed to be taken or accepted from that person is ten thousand rupees or more.

The proposed requirement will, however, not apply to any loan or deposit taken or accepted from, or any loan or deposit taken from or accepted by Government, any banking company, post office savings

bank or any co-operative bank; any corporation established by a Central, State or Provincial Act; or any Government company as defined in section 617 of the Companies Act, 1956. The provisions of the new section will also not apply to any loan or deposit taken, or accepted from, or any loan or deposit taken from, or accepted by, any institution, association or body or class of institutions, associations or bodies, which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette.

For the purposes of this provision, the expression "banking company" will have the meaning assigned to it in clause (a) of the Explanation to section 40A(8) of the Income-tax Act. The expression "co-operative bank" will have the meaning assigned to it in Part V of the Banking Regulation Act, 1949, and the expression "loan or deposit" will mean any loan or deposit of money.

The proposed provision will take effect from 1st April, 1984, but as stated earlier, the requirement laid down under the proposed section will apply only in relation to loans and deposits taken or accepted after 30th June, 1984.

Clause 29 seeks to amend section 269T of the Income-tax Act relating to mode of repayment of certain deposits by banking companies, co-operative banks, etc.

Under the proposed amendment, the expression "co-operative bank" is proposed to be defined as having the same meaning as is assigned to it in Part V of the Banking Regulation Act, 1949.

This amendment will take effect from 1st April, 1984.

Clause 30 seeks to insert a new section 271B in the Income-tax Act relating to failure to get accounts audited.

The proposed provision seeks to provide that if any person fails, without reasonable cause, to get his accounts audited in respect of any year or obtain a report of such audit as required under new section 44AB (proposed to be inserted in the Income-tax Act by clause 11 of the Bill), the Income-tax Officer may impose a penalty equal to one-half per cent. of the total sales, turnover or gross receipts, as the case may be, in the business, or of the gross receipts in the profession, in the relevant year, subject to a maximum of Rs. 1,00,000.

The proposed amendment will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 31 seeks to insert a new section 276DD in the Income-tax Act which provides for a penalty for contravention of section 269SS.

Under the proposed new section, if any person, without reasonable cause or excuse, takes or accepts any loan or deposit in contravention of the provisions of new section 269SS, he shall be punishable with imprisonment for two years and shall also be liable to fine equal to the amount of such loan or deposit.

This amendment will take effect from 1st April, 1984.

Clause 32 seeks to amend section 281A of the Income-tax Act relating to effect of failure to furnish information in respect of properties held benami.

Sub-clause (a) seeks to amend sub-section (1) of section 281A.

Under the existing provisions, the real owner of any property held benami or any person acting on his behalf is debarred from instituting any suit in any court to enforce any right in respect of any property held benami unless the income from such property or the property itself has been disclosed in any return of income or net wealth by the claimant or a notice in the prescribed form and containing the prescribed particulars in respect of the property has been given by him to the Income-tax Officer. The existing provisions do not lay down any time limit for such disclosure in the return of income or net wealth or for giving a notice in the prescribed form to the Income-tax Officer.

It is proposed to replace the existing option of making a disclosure in the return of income or net wealth and replace it by a provision for giving notice in the prescribed form within a specified period. Hence, under the amended provisions of sub-section (1), the real owner of the property will be required in all cases to give a notice in the prescribed form containing the prescribed particulars in respect of the property within a period of one year from the date of acquisition of the property to the Commissioner of Income-tax.

Sub-clause (b) seeks to insert two new sub-sections in section 281A. New sub-section (1A) seeks to cover cases where such benami acquisition of property is made before the introduction of the Finance Bill. The new sub-section accordingly provides that where any such property is acquired by the claimant before 1st March, 1984, the requirement of the amended sub-section (1) of section 281A shall be deemed to have been fulfilled if notice in the prescribed form and containing the prescribed particulars in respect of the property is given by the claimant within a period of one year from that date to the Commissioner of Income-tax.

New sub-section (1B) carves out an exception to the provisions contained in the amended sub-section (1) and the new sub-section (1A) in cases where the value of any suit relating to any immovable property does not exceed Rs. 50,000. New sub-section (1B) provides that in such cases the aforesaid provisions shall be deemed to have been fulfilled if, at any time before the suit, notice in the prescribed form and containing the prescribed particulars in respect of the property is given by the claimant to the Commissioner of Income-tax.

Sub-clause (c) seeks to substitute sub-section (2) of section 281A by a new sub-section. The new sub-section provides that the Commissioner of Income-tax shall, on an application made in the prescribed manner by the claimant or any person acting on his behalf or claiming under him, and on payment of the prescribed fees, issue for the purposes of a suit a certified copy of any notice given by the claimant under sub-section (1) or sub-section (1A) or sub-section (1B), within 14 days from the receipt of the application.

These amendments take effect from 1st April, 1984.

Clause 32 of the Bill seeks to amend the Ninth Schedule to the Income-tax Act. This amendment is consequential to the amendment made in section 80K of the Income-tax Act by clause 16 of the Bill.

Clause 34 seeks to amend the Wealth-tax Act, 1957.

Sub-clause (a)(i)(1) seeks to amend the proviso to clause (iv) of sub-section (1) of section 5 of the Act.

Under the existing provisions, the value of one house belonging to the taxpayer is exempt from wealth-tax up to one hundred thousand rupees. The proposed amendment seeks to raise this limit to two hundred thousand rupees.

Sub-clause (a)(i)(2) seeks to insert a new clause (xxva) in section 5(1) of the Wealth-tax Act to provide exemption from wealth-tax in respect of any deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette.

Sub-clause (a)(i)(3) seeks to insert a new clause (xxvii) in section 5(1) of the Act to include any deposit with the Industrial Development Bank of India in the list of assets exempt from wealth-tax.

Sub-clause (a)(ii) seeks to amend sub-section (1A) of section 5 of the Act.

Sub-clause (a)(ii)(1) seeks to secure that exemption in respect of the value of the deposits under any notified National Deposit Scheme and deposits with the Industrial Development Bank of India together with the value of the other assets specified in section 5(1A) of the Act will not exceed the specified amount.

Sub-clause (a)(ii)(2) seeks to raise the limit up to which the value of specified assets is exempt from wealth-tax from one hundred and sixty-five thousand rupees to two hundred and sixty-five thousand rupees.

Sub-clause (a)(ii)(3) seeks to insert a second proviso to sub-section (1A) of section 5 of the Act. The proposed proviso seeks to secure that where the assets of the assessee include any units of the Unit Trust of India or any deposits under any notified National Deposit Scheme, the assessee shall be entitled, in addition to the exemption provided under sub-section (1A), a further exemption in respect of the value of the units and the deposits aforesaid in so far as such exemption has not been allowed under sub-section (1), read with sub-section (1A) of section 5, subject to a maximum of Rs. 35,000.

Sub-clause (a)(iii) seeks to amend sub-section (3) of section 5 of the Act. The proposed amendment seeks to secure that the value of deposits under any notified National Deposit Scheme or of any deposits with the Industrial Development Bank of India shall qualify for exemption under section 5 of the Act only if such deposits have been held by the assessee for a period of at least six months ending with the relevant valuation date.

Sub-clause (b) of this clause seeks to amend section 21A of the Act.

Sub-clause (b)(1) seeks to provide that where any property is held under trust for any public purpose of a charitable or religious nature in India, tax shall be leviable upon and recoverable from the trustee or manager in respect of the property held by him under trust at the "maximum marginal rate" if the trust forfeits exemption by reason of any of the following factors, namely:—

(i) any part of the trust's property or any income of the trust, including income by way of voluntary contributions is used or applied, directly or indirectly, for the benefit of any person referred to in section 13(3) of the Income-tax Act, e.g., the settlor, the trustee, their relatives, etc.; or

(ii) any part of the income of the trust, created on or after 1st April, 1962, including income by way of voluntary contributions, accrues, directly or indirectly, for the benefit of any of the person referred to in section 13(3) of the Income-tax Act; or

(iii) any funds of the trust are invested or deposited or any shares in a company are held by the trust in contravention of the investment pattern for trust funds laid down in clause (d) of sub-section (1), read with sub-section (5), of section 19 of the Income-tax Act.

Sub-clause (b)(2) seeks to amend the Explanation below the second proviso to this section. The proposed amendment seeks to provide that the expression "maximum marginal rate" would mean the rate of wealth-tax applicable in relation to the highest slab of wealth in the case of an individual as specified in Part I of Schedule I to the Wealth-tax Act.

These amendments will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 35 read with the Second Schedule seeks to amend the Customs Tariff Act, 1975, to -

(i) raise the rate of basic customs duty (standard) on slag, ash and residues containing metals or metallic compounds;

(ii) raise the rate of basic customs duty (standard) on certain categories of petroleum oils and preparations, not elsewhere specified;

(iii) raise the rate of basic customs duty (standard) on petroleum jelly and certain mineral waxes;

(iv) raise the rate of basic customs duty (standard) on wool, raw and wool tops;

(v) raise the rate of basic customs duty (standard) on buttons and button moulds; studs, cuff-links and press fasteners; slide fasteners; blanks and parts of such articles;

(vi) revise the description of Heading No. 92.01/13 relating to musical instruments, etc.

Clause 36 seeks to levy up to the 31st March, 1985, auxiliary duties of customs on all imported goods at the rate of 50 per cent. of their value.

Clause 37 seeks to insert an Explanation in sub-section (1) of section 28 of the Customs Act providing for the exclusion of the period of stay under a court order in relation to computation of time-limit for the service of notice for short levy, erroneous refund, etc.

Clause 38 seeks to add a proviso to sub-section (2) of section 61 of the Customs Act enabling the Board to waive the interest payable on warehoused goods in public interest and under exceptional circumstances.

Clause 39 seeks to substitute sub-section (2) of section 129 of the Customs Act by two new sub-sections. Under the first amendment, it is proposed to provide that a person shall qualify for appointment as a judicial member of the Customs, Excise and Gold (Control) Appellate Tribunal if he has for at least ten years held a judicial office in the territory of India or has been a member of the Central

Legal Service and has held a post in Grade I of that Service or any equivalent or higher post for at least three years. A person who has been an advocate for at least ten years will continue to be eligible for such appointment as hitherto. For this purpose, in computing the period during which such a person has held a judicial office, any period during which he has been an advocate or has held the office of a member of a tribunal or any post under the Union or State requiring special knowledge of law after he has held any judicial office will be included. Similarly, in computing the period during which a person has been an advocate of a High Court, any period during which he has held a judicial office or the office of a member of a tribunal or any post under the Union or State requiring special knowledge of law after he became an advocate will also be included.

Under the second amendment, It is proposed to provide that a person who has been a member of the Indian Customs and Central Excise Service, Group A and has held the post of Collector of Customs or Central Excise or any equivalent or higher post for at least three years will qualify for appointment as a technical member in the Appellate Tribunal.

Provision is also being made for the appointment of a Senior Vice-President of the Appellate Tribunal.

Clause 40 seeks to exclude from the jurisdiction of the Appellate Tribunal, customs cases relating to—

- (a) goods imported as baggage,
- (b) short-landed goods,
- (c) payment of drawback.

Clause 41 seeks to raise the monetary limit of the customs cases to be decided by single member Benches of the Appellate Tribunal from Rs. 10, 000 to Rs. 50, 000.

Clause 42 provides for reduction in the time limit for seeking revision of the orders of the subordinate authorities by the Board/Collector.

Clause 43 seeks to provide for revision by the Central Government of the types of cases excluded from the jurisdiction of the Appellate Tribunal under clause 40 of the Bill. The provisions are on the lines of the provisions which existed prior to the setting up of the Appellate Tribunal.

Clause 44 seeks to amend clause (f) of section 2 of the Central Excises Act to specifically include conversion of artificial or synthetic resins and plastic materials into moulding powder in the definition of "manufacture" in relation to artificial or synthetic resins and plastic materials covered under Item No. 15A of the First Schedule to the Act.

Clause 45 seeks to amend section 3 of the Central Excises Act to provide for the levy of duty of excise on excisable goods produced or manufactured by a 100% export oriented unit and sold in India equal to the duties of customs leviable on importation of the like goods from abroad.

Clause 46 seeks to amend Explanation to section 4(4)(d)(ii) of the Central Excises Act to provide that in computing the amount of duty of excise deductible from the cum-duty price under any Act, the effective amount of duty of excise payable on goods under assessment shall not include the effect of the notification providing for set-off or proforma credit of the duty under the relevant Act but also the additional duty leviable under the Customs Tariff Act, 1975, already paid on the raw materials and component parts used in the production or manufacture of such goods.

Clause 47 seeks to exclude from the jurisdiction of the Appellate Tribunal, central excise cases relating to —

- (a) goods lost in transit/storage,
- (b) goods exported under rebate of duty,
- (c) goods exported without payment of duty.

Clause 48 seeks to raise the monetary limit of the central excise cases to be decided by single member Benches of the Appellate Tribunal from Rs. 10, 000 to Rs. 50, 000.

Clause 49 provides for reduction in the time limit for seeking revision of the orders of the subordinate authorities by the Board/Collector.

Clause 50 seeks to provide for revision by the Central Government of the types of cases excluded from the jurisdiction of the Appellate Tribunal under clause 47 of the Bill. The provisions are on the lines of the provisions which existed prior to the setting up of the Appellate Tribunal.

Clause 51 seeks to amend the First Schedule to the Central Excises Act.

Sub-clause (a) of this clause read with the Third Schedule seeks to amend the First Schedule to the Central Excises Act to —

- (a) omit Item Nos. 1F, 11B, 22D, 23D and 24;
- (b) amend the description of sub-Item II(5) of Item No. 4 relating to chewing tobacco to specifically include certain tobacco preparations within its scope;
- (c) amend the description of Item No. 16 relating to tyres to fix the specific rates of duties on certain specified varieties of tyres;
- (d) amend the description of sub-Items (1) and (2) of Item No. 59 relating to magnetic tapes and sound-recorded magnetic tapes to widen the scope of the sub-items.

Sub-clause (b) of this clause, read with the Fourth Schedule also seeks to amend the First Schedule to the Central Excises Act to broadly align the excise classification in respect of copper, zinc, aluminium and lead with the corresponding customs classification.

This amendment will come into force from a date to be notified by the Central Government.

Clause 52 seeks to levy up to the 31st day of March, 1985, special duties of excise on all excisable goods at the rate of 10% of the duty leviable under the Central Excises Act, read with any notification for the time being in force issued by the Central Government in relation to the duties so chargeable, other than a notification providing for set-off or proforma credit of the excise duty or the additional duty leviable under the Customs Tariff Act, 1975, already paid on the raw materials and component parts used in the production or manufacture of such goods.

Clause 53 read with the Fifth Schedule seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 to change or amend the description of —

- (1) sub-Item No. II(2) of Item No. 4 relating to cigarettes to revise the rate of duty;
- (2) sub-Item No. II(5) of Item No. 4 relating to chewing tobacco to specifically include certain tobacco preparations within its scope;
- (3) Item No. 22 relating to man-made fabrics to revise the rate of duty.

Clause 54 seeks to amend section 32 of the Unit Trust of India Act, 1963, relating to income-tax and other taxes.

Sub-clause (a) seeks to omit clause (b) and clause (ba) of sub-section (1) of section 32 of the said Act. The omission of these two clauses is consequential to the amendments proposed under clause 15 and clause 34 of the Bill respectively.

Sub-clause (b) seeks to amend Explanation 1 to section 32(1) of the said Act. The amendments under this sub-clause are consequential to the omission of clause (b) and clause (ba) of section 32(1) of the Unit Trust of India Act under sub-clause (a) of this clause.

The proposed amendments will take effect from 1st April, 1985, and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 55 seeks to amend the Gold (Control) Act, 1968 — (a) to raise the monetary limit of the gold control cases to be decided by single member Benches of the Appellate Tribunal from Rs. 10,000 to Rs. 50,000; and

(b) to reduce the time limit for seeking revision of the orders of the subordinate authorities by the Administrator/Collector from two years to one year.

FINANCIAL MEMORANDUM

Clause 24 of the Bill which seeks to insert a new sub-section (4A) in section 252 of the Income-tax Act, 1961, empowers the Central Government to appoint one of the Vice-Presidents of the Income-tax Appellate Tribunal to be the Senior Vice-President thereof. As the intention is only to convert one of the posts of Vice-Presidents into that of Senior Vice-President, the expenditure involved will be to the extent of the difference in the salary of a Vice-President and a Senior Vice-President, which is Rs.250 per month. Thus the recurring expenditure on account of this provision would be Rs.3,000 per year.

2. Clause 39(b) of the Bill which seeks to insert a new sub-section (4A) in section 129 of the Customs Act, 1962, empowers the Central Government to appoint one of the Vice-Presidents of the Customs, Excise and Gold (Control) Appellate Tribunal to be the Senior Vice-President thereof. As the intention is only to convert one of the posts of Vice-Presidents into that of Senior Vice-President, the expenditure involved will be to the extent of the difference in the salary of a Vice-President and a Senior Vice-President, which is Rs.250 per month. Thus, the recurring expenditure on account of this provision would be Rs.3,000 per year.

3. Clause 41 of the Bill relating to the Customs Act, 1962, clause 48 of the Bill relating to the Central Excises and Salt Act, 1944 and clause 55(a) of the Bill relating to the Gold (Control) Act, 1968, seek to enhance the powers of the single member Benches of the Customs, Excise and Gold (Control) Appellate Tribunal. As a sequel to this proposal, the machinery of departmental representatives would need to be strengthened. For this purpose, the creation of the following posts is envisaged. The annual recurring expenditure in this regard is as follows:

S.No.	Post	Nos.	Average annual expenditure per post	Annual expenditure
			Rs.	Rs.
1.	Chief Departmental Representative	1	49,000	49,000
2.	Senior Departmental Representative	4	40,700	1,62,800
3.	Junior Departmental Representative	4	32,200	1,28,800
4.	Personal Assistant/Stenographer	4	16,700	66,800
5.	Upper Division Clerk	4	13,100	52,400
6.	Lower Division Clerk	4	10,400	41,600
7.	Peon/Sepoy	4	7,300	29,200
Total				<u>5,30,800</u>

4. Clauses 43 and 50 of the Bill seek to insert two new sections 129DD and 35EE in the Customs Act, 1962 and the Central Excises and Salt Act, 1944, respectively which invest the Central Government with powers of revision against certain orders passed by the Collector of Customs (Appeals) or, as the case may be, the Collector of Central Excise (Appeals). It is proposed to utilise the existing machinery for exercising the powers of revision under the aforesaid new sections. As such, no expenditure is likely to be involved when these new provisions are enacted and brought into operation.

5. The provisions of the Bill do not involve any other expenditure of a recurring or non-recurring nature.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2(7) of the Bill provides that if a company makes a deposit with the Industrial Development Bank of India in accordance with any scheme framed by the Central Government, the surcharge on income-tax payable by the company will be reduced to the extent mentioned in the said sub-clause. The scheme to be framed by the Central Government will contain details as to the manner of making such deposits, the period for which such deposits may be made and other connected matters of detail.

Clause 15(a) of the Bill seeks to insert a new clause (IIa) in sub-section (1) of section 80L of the Income-tax Act, 1961 which seeks to include interest on deposits under such National Deposit Scheme framed by the Central Government as may be notified by it in the Official Gazette as one of the categories of income qualifying for deduction under this section.

Clause 19(a) of the Bill seeks to provide that the permanent physical disability which would entitle an assessee to get deduction under section 80U of the Income-tax Act will henceforth be only such permanent physical disability of a type as may be specified by the Central Board of Direct Taxes by rules made in this behalf. Sub-clause (b) of this clause also provides that in making any rules for specifying any disability under this section, the Board will take into account the nature of such disability and the effect which such disability is likely to have on the capacity of the person subject thereto or suffering therefrom to engage in a gainful employment or occupation.

Clause 28 of the Bill seeks to insert a new section 269SS in the Income-tax Act which provides that no person shall take or accept any loan or deposit otherwise than by an account payee cheque or account payee bank draft if the amount of such loan or deposit is ten thousand rupees or more. The provisions of this section shall not apply to any loan or deposit taken from or accepted by, Government, banking company, etc., and such institution, association or body, or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette.

Clause 32 of the Bill seeks to amend section 281A of the Income-tax Act relating to the effect of failure to furnish information in respect of properties held benami. By an amendment to sub-section (1) of this section, it is proposed to replace the existing option of making a disclosure in the return of income or net wealth or giving a notice to the Income-tax Officer before instituting any suit in any court to enforce any right in respect of property held benami by a provision for giving notice within one year of the date of acquisition of the property to the Commissioner in the form to be prescribed by rules made by the Central Board of Direct Taxes under the Act and containing such particulars to be specified by the Board in such rules. New sub-section (1A) proposed to be inserted in this section provides that the prescribed notice containing the prescribed particulars required to be made under sub-section (1) aforesaid shall, in respect of any property acquired before 1st March, 1984, be deemed to have been fulfilled if such notice containing the particulars is given to the Commissioner within a period of one year from that date. New sub-section (1B) provides that the aforesaid provisions of sub-section (1) and sub-section (1A) shall be deemed to have been fulfilled in respect of any suit relating to any immovable property of a value not exceeding Rs. 50,000 if notice in the prescribed form containing prescribed particulars in respect of the property is given by the claimant to the Commissioner at any time before the suit. The new sub-section (2) to this section empowers the Commissioner, on an application made by the claimant in the manner prescribed by rules and on payment of the fees specified in such rules, to furnish a certified copy of any notice given by him under the aforesaid provisions.

Clause 34(a)(1)(2) of the Bill seeks to insert a new clause (xxva) in section 5(1) of the Wealth-tax Act. The new clause (xxva) proposes to provide for exemption in respect of any deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette.

Clause 43 of the Bill seeks to insert a new section 129DD in the Customs Act, 1962. This new section seeks to invest the Central Government with powers of revision in respect of certain orders passed by the Collector of Customs (Appeals) under section 128A of the Act on an application made by the person aggrieved by the order. Sub-section (3) of this section requires such application to be made in such form and shall be verified in such manner as may be specified by rules made in this behalf by the Central Government.

Clause 50 of the Bill seeks to insert a new section 35EE in the Central Excises and Salt Act, 1944. This new section seeks to invest the Central Government with powers of revision in respect of certain orders passed by the Collector of Central Excise (Appeals) under section 35A of that Act on an application made by the person aggrieved

by the order. Sub-section (3) of this section requires such application to be made in such form and shall be verified in such manner as may be specified by rules made in this behalf by the Central Government.

The delegation of legislative power under the afore-mentioned provisions relates to matters of procedure or administrative detail or to matters in respect of which it is not practicable to make detailed provisions. Hence the delegation of legislative power is of a normal character.

SUBHASH C. KASHYAP

Secretary-General.